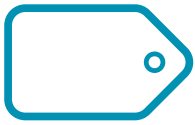


A practical guide to socially responsible public procurement



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## Glossary

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The material provided within this Toolkit is for information only, although reviewed by The Strategic Investment Board legal advisers, it is not provided as legal advice. It would be advised that users seek professional legal advice, where appropriate, before implementing this material.

**Note on terminology.** In this Toolkit, the term 'Client' has been used to refer to the purchasing organisation. In construction contracts this role is normally referred to as 'The Employer' and this is retained in the Addendums since these are examples from a works contract.

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'Buy Social'  
Toolkit Part 1 –  
**Principles and  
Priorities**



## Why 'Buy Social'?

*'Buy Social' is a way to maximise the benefits from public procurement in terms of personal wellbeing, social cohesion and inclusion, equal opportunities and sustainable development.*

'Buy Social' is simply a principle. People responsible for public purchasing should consider how they can do this in a way that delivers additional benefits for Northern Ireland's people and communities, especially those with the greatest needs.

This principle sits alongside the longer-established principles relating to transparency, open competition, fairness and equality, and value for money that are set out in legal and policy frameworks and good procurement practice.

The key policy driver for 'Buy Social' is the 2010 **Sustainable Development Strategy for Northern Ireland**.<sup>1</sup> In line with UK policy this has two guiding principles. The first is the widely understood environmental principle of 'living within environmental limits'. The second is 'ensuring a strong, healthy, just and equal society' which refers to 'promoting personal wellbeing, social cohesion and inclusion, and creating equal opportunity'.<sup>2</sup>

Implementing both principles is an obligation across the public sector in Northern Ireland and this Toolkit aims to provide a methodology for helping deliver the 'social sustainability' elements. It is supported by the commitment in the **Programme for Government 2011-15** to 'include Social Clauses in all public procurement contracts for supplies, services and construction'.<sup>3</sup>

The contribution to social sustainability can be:

- Extending what has traditionally been provided to improve the outcomes for users and communities e.g. adding vocational training and employability options to traditional drug and alcohol treatment services.
- Delivering the same works, services or supplies in a different way e.g. maximising the use of local supply-chains and providing opportunities for trainees and apprentices.

So 'Buy Social' is essentially a driver of fine grain innovation. It is about paying attention to the relatively small and easy changes that can be made that will improve outcomes for communities and therefore deliver better value. In some cases, the innovation may have cost implications, but in many cases the changes will not cost more or any additional costs can be covered from external sources (see section 8).

This Toolkit has been produced by The Strategic Investment Board (SIB) to assist staff and colleagues in all areas in which we work to adopt a 'Buy Social' approach. It seeks to express our core values of:

- collaboration: supporting government departments and agencies as they plan and deliver major projects;
- strategy: making policy operational in ways that are credible and affordable; and
- trustworthiness: through competency, honesty and reliability.

However, we recognise that the 'Buy Social' approach is still relatively new. There is a track record in the construction sector in relation to jobs

and skills and 'considerate contractor' schemes, but there is not yet much experience of rolling this practice out to services and supplies contracts and to other social benefits. The structure of the Toolkit will reflect this. Part 1 sets out the principles and priorities. Part 2 will focus on delivering jobs and skills as social outcomes from construction and services contracts, and then other parts will be added – along with case studies and useful contacts – as experience is developed and 'captured'. Please also refer to: [www.buysocialni.org](http://www.buysocialni.org)

SIB is clearly not the only government body with an interest in this topic. However, in carrying out our role for government, we will pursue the 'Buy Social' principle. We will do this by encouraging and enabling public sector

staff, and the parts of government they are working with, to:

- include jobs and skills outcomes in investment, procurement and other activities they are involved in; and
- work with other stakeholders – especially service users and the communities in which services are being delivered – to look for ways of better delivering the Executive's commitments to social sustainability.





## Understanding the terminology

The terminology around **‘Buy Social’** is still evolving and this can be confusing.

Firstly, it is useful to explain the term ‘social clauses’, as used for example in the Programme for Government 2011-15. This is a generic term for any text in a document that seeks to deliver the range of matters discussed in the previous section. Traditional examples include equalities requirements, health and safety requirements, ‘considerate contractor’ requirements etc. We can expect that new social clauses will be developed to incorporate ‘Buy Social’ requirements into the procurement process for works, services and supplies.

The term ‘Buy Social’ is derived from a European Commission guidance publication in 2010<sup>4</sup>. This describes ‘socially responsible public procurement’ as promoting ‘employment opportunities, decent work, social inclusion, accessibility, design for all, ethical trade, and... wider compliance with social standards’. The latter might typically include health and safety, workers rights, minimum wages, disabled access, equalities etc., where the standard is set out in legislation and regulations. All of these elements could help deliver the social justice and equalities parts of sustainable development.

This focus can be distinguished from activities during the procurement process that will address the environmental aspects of sustainable development which are dealt with in other Commission guidance. This distinction between social and environmental considerations mirrors the approach taken by the UK Government, for example in social issues in purchasing (Office of Government Commerce, 2006).

The Central Procurement Directorate (CPD) guidance (PGN01/13<sup>5</sup>) uses the term ‘social considerations’ and links this specifically to ‘maximising the economic and social outcomes for the local community’<sup>6</sup>. This is a useful way of understanding the objective and fits with the range of specific examples used in the European Commission’s guidance and the UK Governments term ‘social issues’. **So ‘Buy Social’ = social considerations in contracts = social issues in purchasing = socially responsible public procurement.**



Scotland was 'switched-on' to social benefits from procurement before the UK Government started to produce guidance, and the 'Buy Social' agenda emerged using the term 'community benefits'.<sup>7</sup> In England and Wales the Public Services (Social Value) Act 2012 introduced the concept of social value which includes environmental matters.

In this Toolkit we will use 'Buy Social' as shorthand for the approach to 'social considerations in public procurement' adopted by CPD, and 'socially responsible public procurement' as used in European Commission guidance. For our purposes this excludes environmental matters which can legitimately be pursued through public procurement but has its own literature and is much more widely accepted and practiced by procurement teams in Northern Ireland and elsewhere.

Other public bodies will develop their own policies and may include environmental matters in their definition of 'social considerations' and their policy for 'social clauses'.



**SIB Definition:**

*'Buy Social' is a way to maximise the benefits from public procurement in terms of personal wellbeing, social cohesion and inclusion, equal opportunities and sustainable development.*

<sup>7</sup> See for example Community Benefits in Public Procurement. The Scottish Government 2008. This presents outcomes and good practice from a pilot programme that ran from 2003-2007.

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## Compliance with legal frameworks

Incorporating the 'Buy Social' approach into the procurement process may involve some innovation to ensure compliance with the established legal frameworks for procurement. Innovation often requires some new learning and care, and the following sections will help procurement teams with this.

It is not intended to repeat here all of the advice included in the CPD Guidance Note 01/13 which should be referred to as the key source of advice.

This Toolkit has been reviewed by SIB legal advisers but is not provided as 'legal advice'. Users should seek legal advice before using this material where they consider this appropriate.

### 3.1 Including social requirements in the subject matter of the contract

As the CPD Guidance Note 01/13 makes clear, social considerations can be included in the subject matter of the contract (sometimes called the core requirements) and then used in the award of the contract – provided this is clearly stated in the tender documentation. The latter should include Contract Notices. This reflects the UK approach to procurement where it is left to the purchaser to decide what it is they want to buy – the subject matter of the contract.

There is a tendency to treat what has historically been the subject of the contract as fixed, and present 'social considerations' as a bolt-on extra that is of lesser significance. However, this does not need to be the case provided that two tests are met:

- the purchaser has the legal power to purchase the proposed 'social considerations' i.e. it is not ultra vires; and
- there is a policy basis for the decision to incorporate the social considerations (to avoid the risk of challenge e.g. through a judicial review).

If these tests are met, and the purchaser wishes to do so, then the social considerations can be included as a part of the subject matter of the contract (a core requirement) and used in the award of the contract. This may raise questions of affordability – see Section 8.

*'Buy Social' requirements can be part of 'the subject matter of the contract' where the purchasing body has the necessary powers and has a relevant policy – e.g. as part of its sustainable development or sustainable procurement policy.*

In the local context, a decision on how to treat social considerations should be included in the 'strategic options appraisal' in the Business Case (see section 5). In the step-by-step chart in the CPD's guidance note this is expressed as:

*Consider economic, social and environmental policy objectives/obligations and possible fit with your procurement... (PGN 01/13, Page 14).*

Many public sector organisations have very wide powers which will permit purchasers to include social considerations in their purchasing. But this may need to be checked. In relation to policy it may be sufficient to rely on the NI Government's Sustainable Development Strategy to provide the policy basis for including contract requirements that relate to 'ensuring a strong, healthy, just and equal society' including 'promoting personal wellbeing, social cohesion and inclusion, and creating equal opportunity'.<sup>8</sup> However, given this is a very wide agenda it may be worthwhile developing a more specific 'Buy Social' policy that sets out priorities that are more clearly linked to the other work of the purchasing organisation and reflect the local concerns and priorities (see Section 4).

In principle, the stronger the policy commitment to specific social benefit requirements the stronger the rationale for including these as 'core requirements' and award criteria. It may be especially important that innovative contract requirements are included in 'the subject matter of the contract' and given weight in the procurement process. This will help potential suppliers/contractors recognise the importance of these requirements to the client and take account of this when they are developing their methodology, i.e. at the tender stage.

### 3.2 Conditions relating to the delivery of the contract

An alternative to including the social considerations as part of the subject matter of the contract is to include them as a contract condition that influences the way the contract is delivered. These conditions:

- must be related to the subject matter of the contract;
- cannot be used in the award of the contract; and
- cannot be treated as key performance indicators (KPI).

It might also be noted that social considerations that effectively extend what is required to be delivered – e.g. an extension of the works or services – should properly be included in the subject matter of the contract rather than as conditions relating to the delivery of the contract.

It can be seen that contractors and suppliers may well regard these conditions as less important to the client than the core deliverables in the contract.

In practice, social considerations that are ‘conditions relating to delivery’ can be made clear and given some weight in the procurement process by:

- including relevant questions in the Pre-qualification Questionnaire (PQQ); purchasers are entitled to ensure that whichever contractor/supplier they appoint has the capacity to deliver the contract conditions; and
- including detailed requirements in the specification (the Invitation to Tender or equivalent) so that the contractor/supplier knows what is expected in the delivery of the contract and can take this into account in developing their methodology.

It is also possible to ask bidders to provide a method statement setting out how they will meet the contract condition. This could be submitted with the tender and used in pre-contract discussions with the preferred bidder provided that it is disregarded in

the award of the contract. The key requirement is that the purchaser can defend their award decision without reference to commitments made on delivery of the social considerations.

*‘Buy Social’ requirements that are to be ‘conditions relating to the delivery of the contract’ can usefully be included in the specification so that the contractors can take account of this when developing their methodology. But the contractor’s response must not influence the award of the contract.*

Utilising these opportunities to make sure that contractors recognise the importance of the social considerations to the client is especially important where these requirements are innovative. The chances of achieving good outcomes are diminished if the successful bidder has not properly taken account of the social considerations when developing their methodology and price for the contract.

### 3.3 Voluntary agreements and corporate social responsibility

In the absence of clear guidance on how to incorporate ‘Buy Social’ requirements into the procurement process, some public bodies have referred to their policies around social sustainability and community benefits in tender documentation without making clear that delivering these policies is either part of the subject matter of the contract, or a condition relating to the delivery of the contract. This is poor procurement practice.

Where a contractor is being asked to deliver added benefits on a voluntary basis this should not be raised until after the award of the contract to ensure that any inferred offer from bidders does not influence any part of the award process.

This is important in a context where potential bidders may well emphasise (e.g. through their brochures etc.) their expertise and track record in delivering social benefits because they know this will increase their chances of being invited to tender even when such social outcomes are not a part of the specification or contract conditions.

It should be noted that a ‘Buy Social’ approach is very different in character from a ‘corporate social responsibility’ (CSR) approach. Under the latter the contractors decide what will be delivered, on what scale and to whom, and they also decide what information is provided to their clients and the communities in which they are working. Under a ‘Buy Social’ approach these matters are determined by the purchaser.

*Where a contractor is being asked to help deliver the purchaser’s social and community goals on a voluntary basis this should not influence the selection of the tender list and should not be raised until after the award of the contract.*

### 3.4 Complying with EU Procurement Directive and case law

The EU Procurement Directive and related case law is a complex matter on which CPD will provide advice and guidance. New Directives are being introduced into UK law and so the situation is changing, but generally in a direction favourable to 'social considerations'.

It should be noted that the Procurement Directives provide a procurement methodology that must be followed for contracts that are above threshold values. The latter vary with the subject matter of the contracts e.g. between works, social services and healthcare, other services, supplies, utilities etc. However, all Directives are based on general principles of transparency, non-discrimination, equal treatment and proportionality derived from the EU Treaties that apply to all public contracts, including those below the threshold values.

A key requirement of the Directives is that contracts above the threshold values must be open to bidders from any EU country. This requires information to be made available, and procurement timetables and procedures to be followed. It also requires that the subject of the contract must not disadvantage non-local bidders, and especially those from other parts of the EU, either directly or indirectly.

In 1989, the Commission of the European Communities issued a discussion document based on a judgement in the European Court of Justice in the case of *Gebroeders Beentjes B.V. vs. the Netherlands*. This document discusses 'if and how' legitimate concerns about issues like unemployment can be addressed through a contract. It sets out a position where the inclusion of local labour requirements in a specification has the potential to disadvantage non-local bidders for a contract since these are less likely to have an existing local workforce and have less ability to access the local labour market than local contractors. However, it also discusses how this potential disadvantage could be addressed by a condition that 'requires the winning tenderer to employ a given

number or percentage of long term unemployed registered with the local employment office', stating that in this case 'local and outside firms must both recruit to the same extent and from the same source'.

The Beentjes doctrine remains a powerful influence on the use of social considerations in public procurement, giving rise to folklore that 'you can't include local benefits'. The true position is that for all social considerations, care must be taken to ensure that non-local bidders have equal ability to deliver the contract requirements. In relation to requiring opportunities for trainees the local benefit may come through naming an agency that will work with the contractors to recruit from a target community.

So the potential to disadvantage non-local bidders, especially those from other EU member countries, is real and can lead to challenges. However, in the field of social considerations this can be accommodated if ways of ameliorating the disadvantage are considered early and are included in the specification. It is important to do this for contracts that are not subject to the EU Procurement Directives, especially where contractors of all sizes will flow easily in both directions across the border with the Republic of Ireland.

The 2014 Directive covers social and health services (where the contract value exceeds €750,000) that were previously excluded from the Directives but also includes arrangements to reserve contracts for mutual organisations and social enterprises that have a long track record in delivering these types of services. Furthermore, the existing facility to reserve any contract (not just health and social care) for sheltered workshops has been revised such that the definition of the latter can include those offering employment to disadvantaged people (including, for example, long-term unemployed). In both cases the contract may still be subject to EU-wide competition.

*With all 'Buy Social' requirements, care must be taken to ensure that non-local bidders – including those from other EU States – have equal ability to deliver the contract requirements.*

### 3.5 Complying with equalities legislation and EU Freedom of Movement requirements

Where the social consideration relates to employment, concerns may be raised about the EU treaty requirements on the freedom of movement which secure the right of any EU resident to live and work in other EU States. This means that insofar as the contract requires job or training opportunities to be made available to job-seekers from a defined area or registered with a named agency, residents from anywhere in the EU who are living in the defined area or register with the agency must be treated equally to other people. Named agencies must be willing to register and support these other EU nationals in the same way they would their other 'clients'. Nevertheless, the agency can be proactive in working to recruit and support people that have a longer track record of living with their main target community.

It should also be noted that GB and NI equality legislation may be relevant when deciding to target the social considerations. This can include the potential of indirect discrimination e.g. where the social consideration is geographically targeted and the population of the target area is not representative of the wider community.

*When drafting 'Buy Social' requirements, care must be taken to ensure that they comply with local and national equalities policies and that nationals from other EU States, living or working in the community that benefit from the requirement, have the same rights of access to the benefits as UK nationals.*

04

## Adopting specific policy

Given the range of potential 'Buy Social' activities that could be considered, it will be helpful for public bodies to develop and formally adopt a 'Buy Social' policy either as a part of a sustainable procurement policy or as a stand-alone policy. This will:

- ensure that the 'Buy Social' approach is not ultra vires;
- ensure that the focus reflects the organisation's range of work and priorities;
- provide a focus for procurement teams;
- allow expertise and standard clauses and approaches to be developed;
- allow relationships to be developed with potential partners that will help develop the 'Buy Social' requirements and/or work with contractors to deliver these;
- allow standard monitoring and reporting arrangements to be created; and
- allow resources to be identified to help procurement teams and progress-chase with contractors.

The policy may include a set of criteria that should be met if additional social considerations are to be added to the policy. This could include, for example, the availability of knowledge, expertise and resources to monitor and progress-chase each new requirement.

In adopting the policy it may be appropriate to consult existing contractors and suppliers, and organisations representing or working with the intended beneficiaries. For example, if the intention is to add targeted recruitment and training requirements into home care contracts then discussion with current providers, industry bodies, charities working in the sector and care training organisations would be beneficial.

It will help procurement teams if the policy covers boundaries, targets and model social clauses.

The boundaries will indicate what contracts the 'Buy Social' policy applies to. A key criterion here may be the amount of work required to implement the policy through a specific contract, and the scale of benefits that will be achieved. So smaller contracts may be exempt, as may highly specialised contracts. For example, in relation to employment there may be little benefit to the community served by the procuring body from a supplies contract (because most of the labour input takes place far away), or from a small-value works contract that may be both specialist and short-term.

The key issue with targets is the definition (the wording to be used) and how the requirements are to be measured. It is a requirement that outcomes from contracts are measurable and a duty on client bodies to ensure that the requirements are delivered. Getting the targets right is a technical task that requires consideration of:

- how the social consideration is best described and measured, including compliance with EC Directives, case law and equalities legislation;
- what scale of output is appropriate in the context of the other key requirements including quality, delivery timetable and affordability;
- what monitoring requirements and review procedures should be included;
- whether the 'Buy Social' requirement is part of the subject matter of the contract or is best delivered as a condition relating to the delivery of the contract; and
- how the social requirement is included in the procurement process.

Use of model social clauses can save time and ensure that most clauses meet the standards set by procurement managers and their legal advisers. This gives all parties confidence and reduces risks of challenge.

Adopting a formal policy will take time but will help ensure that the 'Buy Social' approach becomes embedded in the purchasing organisation. It also demonstrates a proper development and decision-making process that will help avoid challenges.

However, while developing the policy it may be possible to pilot the approach on a number of contracts, perhaps using the practice and learning of similar organisations. In an increasingly-pressurised public sector environment it is often only the commitment to take action that will get the attention from colleagues that need to be involved. A successful pilot will demonstrate what can be achieved and help the organisation move towards a long-term policy and practice.

***Adopting a 'Buy Social' policy demonstrates a proper decision-making process and helps ensure that the approach becomes embedded in the purchasing organisation. The policy can usefully include boundaries to the use of the approach, targets and definitions, and model clauses.***

05

## The Business Case/Plan

CPD's guidance on developing a Business Plan makes strong statements on the importance of considering sustainable development in the procurement process. The social elements of sustainable development are not excluded from this statement.



*“Any procurement must meet its requirements for equality of opportunity and sustainable development to be deemed of good quality and fit for purpose”.*

*(CPD Step Guide to Business Plans Section 2.7.7.17).*

*The social and equality elements of sustainable development are not exempt from this.*

The Business Plan guidance also suggests that the sustainable development objectives of procurement should be:

- considered early in the development of the Business Case; and
- defined in detail: they should be ‘specific, measurable, achievable, relevant and time-dependant’.<sup>9</sup>

It is good discipline to apply the social objectives alongside other objectives, in the Business Case; it is a requirement of ‘good procurement practice’.

Clearly, if a specific ‘Buy Social’ policy has been developed, this will make it easy to provide the relevant information for the Business Case. If not, then the approach set out above for developing a policy will need to be utilised on a case-by-case basis – although after the first time this should be easier.

Given the sometimes long time-breaks between developing the Business Case and proceeding with the procurement, there may be a desire to include ‘Buy Social’ requirements in procurement even when this was not included in the Business Case. This should be considered where:

- there is a ‘Buy Social’ champion that the procurement team can work with to identify the proposed social considerations and networks that can help contractors deliver these;
- the additional costs associated with the social considerations are likely to be small relative to the whole procurement (see Section 8); and
- the social considerations are included as conditions relating to the delivery of the contract (see Section 3.2).

In the context of strengthening commitment to a ‘Buy Social’ approach it should not be the case that major investments go ahead without including a ‘Buy Social’ element simply because this was not included in the Business Case.

06

## Maintaining good procurement practice

A 'Buy Social' approach should be delivered using best procurement practice. Because this is a new concept for some public bodies and their procurement teams, uncertainty about what is expected and how to define and measure this can lead to poor practice. Late consideration of 'Buy Social' can exacerbate this.

In a context where 'Buy Social' is innovative there may be a temptation to put an 'open question' in the specification, drawing attention to the 'Buy Social' policies of the client organisation and asking bidders to say how they will help deliver these. This assumes that the bidders have more experience of delivering social considerations than the client organisation which is often not the case. There may well be value in talking to 'the market' about what social considerations would be relevant to the contract that is being procured, and their experience of delivery elsewhere, but this is best done

in the early stages of the procurement process – in the development of the Business Case – and then used to develop a specification that all bidders have to respond to.

Some of the key elements of good procurement practice that should be maintained are:

- the specification sets out the required outcomes, creating a level playing field for all bidders;
- the requirements should be capable of measurement or assessment; the purchaser has a legal obligation to make sure they are delivered;
- the bidders may be asked to provide a method statement saying how they will deliver the specification; and
- where the method statement is being scored as part of the quality assessment of a tender, then a standard scoring framework should be published and used. An objective assessment is important.

It is also good practice to consider how the procurement can be undertaken in a way that ensures there are opportunities for small and medium sized businesses – including social enterprises – to compete for some or all of the work. The 'Buy Social' approach should assist with this by including requirements that these businesses may be well placed to deliver, however this may not be sufficient. The key means of increasing access for these businesses is to reduce the size of the contract, e.g. by breaking it down into 'lots', and by eliminating unnecessary criteria in the Pre-qualification Questionnaire (PQQ).

*It is better to consult potential providers before the start of the procurement exercise and use their knowledge and experience in specifying the 'Buy Social' requirements than ask bidders to say what they will provide through an open question in the specification.*





## New networking

The procurement process always involves collaboration e.g. between the client officers (the experts on what is needed and what budget is available), the procurement officers (the experts on procurement processes), and procurement lawyers (responsible for ensuring that the process does not leave the client organisation open to a legal challenge). To implement a 'Buy Social' approach it may be useful to include a new 'partner' in the procurement team who champions the social considerations elements.

The role of the 'Buy Social' champion can include:

- identifying social needs that the intended procurement could help address, and agree with the client officers which of these would be most beneficial;
- providing information on how requirements could best be specified and outcomes measured so that the procurement officers can develop bespoke social clauses and the legal adviser can consider any risks attached;
- identifying and make links with other organisations that can help with the above tasks and can help identify resources that can be drawn on by contractors in the delivery of the contract e.g charities and community organisations, sector training organisations etc.;
- helping prepare an information sheet for bidders that sets out information on organisations and funders that can help them deliver the social requirements of the contract; this will help level the playing field between local and non-local bidders (see section 3.4); and
- advising on monitoring and reporting arrangements for the social requirements.

It should be remembered that the 'Buy Social' champion may have little knowledge of the procurement process at the beginning and may need coaching and support to ensure that good procurement procedures are maintained.

Where does the 'champion' come from? In larger organisations it is possible that the required skills and commitment is available from another department. For example, a local authority procurement team for social care may wish to create more opportunities for new trainees in social care, or the up-skilling of existing staff in a care provider. In this case, they could work with local authority staff engaged in employment and training – either in general or specifically in the care sector.

Some organisations may already have an officer whose role it is to develop and champion a 'Buy Social' approach, either across the organisation or within individual departments. There is merit in having such a function, perhaps built on the back of a 'Buy Social' policy.

In some cases the 'champion' may work for another organisation. A common example is the role that the Construction Industry Training Board has played in supporting organisations that want to use their works procurement to promote industry inputs to education and careers advice in schools, or increase apprenticeships. Other champions can be found in charities and community organisations, colleges and job-search agencies. Again, these champions may have a limited understanding of the procurement process and as 'outsiders' may need to be excluded from sessions where commercially sensitive matters are being discussed.

*It is very helpful to include a 'Buy Social' champion in the procurement team; someone with knowledge and experience of the additional outcomes being sought. Suitable 'champions' may be found in other parts of the purchasing organisation or in partner organisations.*



08

## Value for Money (VfM) and affordability

Where the social considerations are a part of 'the subject matter of the contract' then it is legitimate to take account of any associated costs as a part of the VfM (or best value) assessment. This makes the delivery of the 'Buy Social' requirements subject to competitive pressures, which is desirable. As suggested above, it is good practice to develop a 'Buy Social' policy and incorporate 'Buy Social' elements in a Business Case, which will enable the social requirements to be part of the VfM assessment.

It would be unwise to assume that there are no costs associated with 'Buy Social' requirements that are 'conditions relating to the delivery of the contract' (see Section 3.2). If there are costs, these will be included in management/overheads.

However, the fact that the costs are a legitimate part of the VfM assessment does not make them affordable, so the potential costs do have to be considered at the Business Case stage.

It is not the case that all 'Buy Social' requirements add costs to the contract. The social benefits might be achieved by:

- delivering the traditional contract requirements in a different way so as to deliver added value at no extra costs e.g. architects consulting a local community as a part of their development of a design;
- delivering additional contract requirements that are resourced by the contractors obtaining grants or services from other organisations e.g. utilising industry/government training services or working with volunteers;
- the client obtaining additional resources to fund the social considerations e.g. external or internal grants including (e.g.) European Union funding; and
- the contractors using their own resources to deliver the additional benefits e.g. bringing in their Human Resources staff to organise training and recruitment, or funding additional requirements from a corporate social responsibility budget.

To maximise affordability it is important to identify and specify social considerations that will have modest impact on the overall costs, taking account of the above matters. However, there is likely to be a trade-off between the benefits achieved and the

risks of increased costs; the client officers and the 'Buy Social' champion may need to identify how to off-set potential costs in order to maximise impact and affordability. This will influence what is included in the specification.

A second area of action is in the cost information provided by bidders. This should be on a 'net cost' basis whereby the contractors shows what external or internal resources they will utilise in order to minimise the cost to the contract. For example, in some cases a client has required the employment of a set number of trainees or apprentices and asked the contractors to demonstrate how this can be done at no cost to the contract. The zero net cost is achieved by obtaining industry training grants, utilising existing HR teams, and obtaining productivity from the trainees.

It can be seen that making a 'Buy Social' approach affordable will be easier if there is a proper development of a policy and the provision of staff and resources able to help procurement teams incorporate specific proposals into Business Cases and the procurement process. There is also support that can be given by other Government Departments and agencies where their programmes and targets will benefit from the incorporation of social considerations in the contracts of other public bodies. Could these resources be made available through the clients for the contracts?

*Where the 'Buy Social' requirements are part of 'the subject matter of the contract' then any associated costs are rightly part of the VfM assessment. However, costs can be limited (and affordability increased) by careful selection of the 'Buy Social' requirements and by looking at how any costs can be off-set with additional funding. It is not the case that adding 'Buy Social' requirements will automatically add costs.*



## Informing the market

Where innovative requirements are to be included in a specification it is good practice to:

- introduce these to potential suppliers ahead of the procurement process e.g. at information sessions and 'meet the buyer' events;
- provide a specific briefing session for bidders where they all get the same information on what is required and what external organisations they could contact for resource and delivery support; and
- accept questions on the 'Buy Social' requirements during the tender timetable and provide responses to all bidders (so they all have the same information).

As part of this process, there will be value in briefing any local business development staff/agencies (including those promoting social enterprises) on what is required, and encouraging them to provide support to local SMEs and micro-enterprises that may be interested in either bidding for the contract or offering sub-contract services to the main contractor. These smaller local organisations may be in the best position to help the main contractor deliver the social considerations.



10

## Monitoring, reporting and progress-chasing

Public bodies have a legal duty to monitor and enforce all contract conditions. In practice this may happen in line with the priorities for the contract, but if innovative requirements are to become properly embedded it is critical that these are 'enforced'.

The latter word is in inverted commas because it is unlikely that a 'Buy Social' requirement will be enforced through the contract because these will never be of sufficient significance to the client. So in most instances 'enforcement' will come through the relationship with the contractor/supplier. These relationships may be triangular, involving the client (perhaps via the 'Buy Social' champion), the contractors, and any partner organisations that have a particular interest in the social consideration that has to be delivered.

In part, these relationships may come through formal contract meetings where the outcomes and related issues relating to the social requirements are discussed. However, delivery may also require interactions outside of this session, including perhaps specific meetings to discuss the delivery arrangements, outcomes, etc. for the social requirements.

Fundamental to these discussions is the availability of information on what is being delivered. So the monitoring requirements and due dates should be included in the specification, giving the client the right to information. It is important to restrict the range of information to matters that are directly necessary to evaluate performance against the contract. This could include:

- Key Performance Indicators: those on which the performance of the contractors will be assessed and which (for example) will be used in the allocation of work under a framework contract; and

- other monitoring requirements, including those that will help verify the KPI information.

Where more detailed information is required for the client's internal reporting then a separate system may be set up and included in the contract. For example, where the social benefit is 'targeted recruitment and training' the client team may be expected to answer questions about the characteristics of the beneficiaries: where they live, previous employment status, gender, age, ethnicity etc. Relevant data might best be obtained by requiring each beneficiary to be registered with the client or their job-matching/monitoring agent so that this data can be recorded, aggregated and used in reports.

Where data on beneficiaries is being collected this is likely to be personal data covered by the Data Protection Act, and the contractors will only be able to provide this with the permission of the beneficiary. In this context, the contract specification should state that the registration form must be signed by the beneficiary.

Depending on the scale of the outcomes required it may be important to set up a data-base to record monitoring information before the contract commences, or soon afterwards. Case studies reveal that too often the monitoring data is incomplete or not sufficiently detailed to properly assess the outcomes: not just the contract outcomes but the wider social benefits that were being sought.

Finally, progress-chasing from an early stage in the contract is vital. Contractors and suppliers are used to reading the sub-text of a contract – correctly or otherwise – to identify the highest priorities of the client. They then focus their attention on these elements. The 'Buy Social' aspects might be

viewed initially as motivated by political correctness rather than real intentions, and if this is the case it needs to be challenged at the earliest stages of the contract.

So make sure that:

- monitoring information is delivered on time;
- this is analysed and followed up; and
- delivery of the 'Buy Social' requirements is on the agenda for each contract review meeting.

It is important that the responsibility and resources for progress-chasing and data analysis is considered in the 'Buy Social' policy development, the Business Case for the individual procurement, and/or by the contract manager (for the client). In many cases, the view may be that this is best undertaken by the 'social value champion' on behalf of the contract manager because the latter may not have the expertise to properly evaluate and progress-chase this aspect of the contract, at least in the beginning. The 'champion' may also be in the best position to facilitate the triangular partnership described above, through which delivery may best be achieved.

*The provision of monitoring data on 'Buy Social' requirements should be a contract condition and discussed at each contract-review meeting. It is critical that this is enforced from early in the contract and remedial action required where outputs are not being achieved. However, delivery will mainly be achieved through a positive relationship with the contractor.*

## 11

## Summary of how to proceed

Three charts that summarise issues and good practice on how to implement the principles and priorities set out above are included in Addendums 1 to 3. These are reproduced with the permission of The Joseph Rowntree Foundation and were first published in Tackling Poverty Through Public Procurement (Richard Macfarlane with Anthony Collins Solicitors. 2014).

These provide an approach to incorporating a 'Buy Social' requirement into public contracts in three ways:

- as a part of the subject matter of the contract;
- as a condition relating to the delivery of the contract; and
- as a post-award voluntary agreement under 'corporate social responsibility'.

It should be noted that in Addendums 1 and 2, it is suggested that questions relating to the 'Buy Social' requirements should be included at the PQQ stage in order to check that all bidders have the technical and managerial experience to deliver the 'Buy Social' elements. This is especially important where the 'Buy Social' elements are only 'conditions relating to the delivery of the contract'.

This is in the context where some research has suggested that management commitment and capability are key elements in the successful delivery of social requirements.

However, CPD suggests that 'Buy Social' requirements should not be included in the selection of contractors "because the delivery of social considerations in contracts is not yet well established... [and]... to select contractors based on their previous experience of delivering social considerations is likely to limit competition".<sup>10</sup>

This comment may be true for some social considerations but for many others it is likely that potential bidders will have relevant experience. For example, if the social consideration involves recruitment and training – activities that almost all bidders are likely to undertake – then it is reasonable to include questions on their capacity to target recruitment (as a social requirement). This is likely to extend to other 'Buy Social' requirements that relate to the core activities delivered by potential bidders. CPD guidance indicates that their recommendation will be kept under

review and it is therefore reasonable to take their position as a cautionary approach to be reviewed on a case-by-case basis.

It should also be noted that there is a continuing commitment to reduce questions and requirements at the PQQ stage in order to open opportunities, especially for SMEs. This should be considered before introducing more potential hurdles for smaller businesses.

*CPD has cautioned against including questions on the technical and managerial capacity of potential bidders to deliver the 'Buy Social' requirements, at PQQ stage. They are concerned that this may exclude too many bidders. However, some evidence indicates that relevant experience is important in the successful delivery of the social requirements – as in other contract requirements – so this concern needs to be considered on a case-by-case basis.*





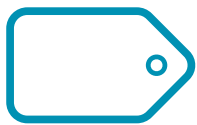
# Addendum



## Addendum 1 – Social considerations in ‘the subject matter of the contract’ (core requirements)

Stage of Procurement	Actions	Reasons
<b>Pre-procurement/Business Case</b>	<p>Identify what the subject matter of the contract is to be. Consider what social considerations could be obtained through the contract in order to achieve the organisation’s objectives and policies, within the budget available.</p> <p>Consider how the procurement should be undertaken. For example, use smaller contracts or divide the contract into ‘lots’ to maximise SME and social enterprise opportunities.</p>	The requirements should be within the powers of the organisation, and should ideally have a basis in its policies. There should be a considered and consistent approach. Consultation with the client(s) and potential contractors is possible.
<b>Contract notices</b>	<p>Routinely include a statement that social considerations relating to the area of the delivery of the contract may be included in the specification and/or as contract conditions.</p> <p>Indicate what proportion of the scores in the award process will be given for specified ‘Buy Social’ requirements.</p>	Use every opportunity to identify for potential bidders that ‘Buy Social’ requirements will be part of the contract.
<b>Pre-qualification Questionnaire</b>	<p>Consider questions relating to the technical and professional competence of the bidder to deliver the specific ‘Buy Social’ requirements – the context of CPD’s concerns about damaging competition.</p> <p>If questions are included set out what % of the selection marks will be given for this.</p> <p>Score any relevant PQQ response to ensure that contractors invited to tender have the competence to deliver the social/benefit requirements.</p>	<p>This is in the context of:</p> <ul style="list-style-type: none"> <li>- CPD’s concerns that there may be insufficient bidders with relevant experience.</li> <li>- The general concern about adding further ‘hurdles’ for SMEs.</li> </ul>
<b>Specification (or equivalent)</b>	<p>Detail the ‘Buy Social’ requirements so that all bidders provide a price that reflects the same specification.</p> <p>Include monitoring and KPI<sup>11</sup> requirements.</p> <p>The drafting should be such that non-local bidders are not disadvantaged, so include references to organisations that can help contractors to deliver the ‘Buy Social’ requirements and target the benefits.</p> <p>Require the submission of a pro-forma Method Statement for the ‘Buy Social’ requirements with each valid tender. This will make standardised scoring easier.</p>	<p>A requirement to provide local benefits can disadvantage non-local bidders that may have little knowledge of relevant supply-chains and resources (e.g. for recruitment, training and sub-contractors). Naming organisations that must be used to deliver the targeted ‘Buy Social’ requirements is a means for ensuring that any bidder can deliver the required benefits<sup>12</sup>.</p> <p>Good procurement practice suggests that requirements should be measurable so that delivery can be monitored and the contract conditions enforced.</p>

Stage of Procurement	Actions	Reasons
<b>Mid-tender interviews</b>	If mid-tender interviews with bidders are organised these should include clarification of the 'Buy Social' requirements.	Because 'Buy Social' requirements are often innovative every opportunity should be taken to explain what is required. This will help level the playing field between bidders.
<b>Scoring of the tenders</b>	<p>Develop a scoring framework for the 'Buy Social' requirements with experts in these requirements before the tender process begins. The scoring process must be robust as it could be challenged.</p> <p>Score the social/community Method Statement and incorporate this in the overall tender evaluation.</p>	The award of the contract must be based on the subject of the contract – the 'core requirements' – which now includes the 'Buy Social' requirements.
<b>Contract conditions</b>	Include the 'Buy Social' requirements in the contract conditions.	The 'Buy Social' requirements have to be delivered by the successful contractor.
<b>Pre-contract discussion</b>	<p>Engage with the contractors during the pre-contract stage to agree a methodology for delivery of the 'Buy Social' requirements and the provision of monitoring information based on the contractor's tender submissions.</p> <p>Broker contacts with organisations that can help deliver the outcomes and target the benefits.</p>	Outcomes are derived from these early relationships. The contractor's staff involved at the bidding stage may not be those responsible for delivery. The latter may need induction and encouragement. However, the methodology must be based on the contractor's tender submissions to avoid challenge.
<b>Enforcement</b>	<p>Monitor the outcomes and routinely discuss progress at contract review meetings.</p> <p>If necessary the client's contract manager must exert pressure on the contractor's senior staff to obtain compliance.</p>	<p>Recognise that enforcement will largely come through the building of positive relationships with the contractor's team and delivery-support organisations.</p> <p>However, in framework contracts poor delivery of 'Buy Social' requirements could influence the allocation of further work.</p>



## Addendum 2 – Social considerations as ‘conditions relating to the delivery of the contract’ (only)

Stage of Procurement	Actions	Reasons
Pre-procurement/Business Case	<p>Identify what the subject-matter of the contract is to be. Consider what ‘Buy Social’ requirements could be obtained through the contract in order to achieve the organisation’s objectives and policies, within the budget available.</p> <p>Consider how the procurement should be undertaken, for example, use smaller contracts or divide the contract into ‘lots’ to maximise SME and social enterprise opportunities.</p>	<p>The requirements should be within the powers of the organisation, and should ideally have a basis in its policies. There should be a considered and consistent approach. Consultation with the client(s) and potential contractors is possible<sup>13</sup>.</p>
Contract notices	<p>Routinely include a statement that social considerations relating to the area of the delivery of the contract may be included in the specification and/or as contract conditions.</p> <p><u>No marks</u> should be indicated in the scoring framework for the contract.</p>	<p>This alerts potential contractors to the client’s focus on these issues.</p>
Pre-qualification Questionnaire	<p>Consider questions relating to the technical and professional competence of the bidder to deliver the specific ‘Buy Social’ requirements – the context of CPD’s concerns about damaging competition.</p> <p>If questions are included set out what % of the selection marks will be given for this.</p> <p>Score any relevant PQQ response to ensure that contractors invited to tender have the competence to deliver the ‘Buy Social’ requirements.</p>	<p>This is in the context of:</p> <ul style="list-style-type: none"> <li>- CPD’s concerns that there may be insufficient bidders with relevant experience.</li> <li>- The general concern about adding further hurdles for SMEs.</li> </ul> <p>It is legal to ensure that all bidders have the technical and managerial competence to comply with the contract conditions but this is not critical.</p>
Specification (or equivalent)	<p>Detail the ‘Buy Social’ requirements so that all bidders provide a price that reflects the same specification.</p> <p>The drafting should be such that non-local bidders are not disadvantaged.</p> <p>Include references to organisations that can help contractors to deliver the ‘Buy Social’ requirements and target the benefits.</p>	<p>Good procurement practice suggests that these should be expressed as measurable requirements so that outcome can be monitored and the contract conditions enforced.</p> <p>It is good practice that the requirements do not disadvantage non-local bidders. Enabling them to make links with local organisations can target the benefits and provide access to resources.</p>



Stage of Procurement	Actions	Reasons
Mid-tender interviews	If mid-tender interviews with bidders are organised these should include clarification of the 'Buy Social' requirements.	Because 'Buy Social' requirements are often innovative, every opportunity should be taken to explain what is required. This will help level the playing field between bidders.
Scoring of the tenders	No action.	The award of the contract must be based <u>only</u> on the 'core requirements'.
Contract conditions	Include the 'Buy Social' requirements in the contract conditions.	Although they have not been used in the selection of the contractor the 'Buy Social' requirements have to be delivered by the successful contractor.
Pre-contract discussion	Engage with the contractors during the pre-contract stage to agree a methodology for delivery of the 'Buy Social' requirements and the provision of monitoring information. Broker contacts with organisations that can help deliver the outcomes.	Outcomes are derived from these early relationships. The contractor's staff involved at bidding stage may not be the same as those responsible for delivery. The latter may need induction.
Enforcement	<p>Monitor the outcomes and routinely discuss progress at contract review meetings.</p> <p>If necessary the client's contract manager must exert pressure on the contractor's senior staff to obtain compliance.</p>	Enforcement will largely come through the building of positive relationships with the contractors and local supply-chains.



## Addendum 3 – Post-award voluntary agreement

Stage of Procurement	Actions	Reasons
<b>Pre-procurement/Business Case</b>	<p>Identify what the subject-matter of the contract is to be. Consider what 'Buy Social' requirements could be obtained through the contract in order to achieve the organisation's objectives and policies, within the budget available.</p> <p>Consider how the procurement should be undertaken, for example, use smaller contracts or divide the contract into 'lots' to maximise SME and social enterprise opportunities.</p>	<p>Always consider what action could be taken, before choosing a particular method.</p> <p>Any action sought from contractors, even on a voluntary basis, should be within the powers of the organisation, and should ideally have a basis in its policies.</p>
<b>Contract notices</b>	Routinely include a statement that social considerations relating to the area of the delivery of the contract may be discussed after the award of the contract on a voluntary basis.	This is not necessary, as it does not form part of the contract, but it is worthwhile alerting contractors to the client's focus on 'Buy Social'.
<b>Pre-qualification Questionnaire</b>	No questions.	As the 'Buy Social' requirements are <u>not</u> to be part of the contract the experience of bidders is not relevant.
<b>Specification (or equivalent)</b>	<p>Include text referring to the purchaser's policies and priorities for 'Buy Social' and stating that the contractor will be asked to make a voluntary contribution to the achievement of these, if appointed.</p> <p>Include references to organisations that can help contractors to deliver the social/ community benefit aspirations.</p>	This information may encourage bidders to consider how they can contribute to the purchaser's policies and priorities when they are developing their methodology and tender price.
<b>Mid-tender interviews</b>	If mid-tender interviews with bidders are organised these should include clarification of the 'Buy Social' aspirations, while making clear that these are not contract conditions or award criteria.	Every opportunity should be taken to encourage a positive response to the social/community aspirations from potential contractors. However, the contracting authority must be confident it can do this in a way which does not influence the contract award decision.
<b>Scoring of the tenders</b>	Disregard in the evaluation of tenders.	Because delivery is an aspiration not a contract condition any 'offer' from a bidder in relation to the aspiration must be disregarded in the award of the contract.

Stage of Procurement	Actions	Reasons
<b>Contract conditions</b>	Nothing is included in the contract.	The contractor is not obliged to deliver any outcomes.
<b>Pre-contract discussion</b>	No reference to the 'Buy Social' aspirations.	The aspirations should not influence any stage of the award of the contract.
<b>Post-award discussion</b>	Engage with the contractor to agree a methodology for delivery of the 'Buy Social' aspirations and the provision of monitoring information. Broker contacts with organisations that can help deliver the outcomes and target the benefits.	It is at this stage where any voluntary agreement with the contractor can be made.  The contractor can legitimately decide not to offer any outcomes.
<b>Enforcement</b>	Work with the contractor to maximise the outcomes, e.g. by maximising links to 'delivery organisations'.  Organise regular reviews of progress with the contractor and delivery organisations.	Recognise that enforcement will largely come through the building of positive relationships with the contractor's team and delivery-support organisations.  The contractor can disengage at any point.

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'Buy Social'  
Toolkit Part 2 –  
**Targeted  
Recruitment and  
Training (TR&T)**

01

# Introduction

*'Buy Social' is a way to maximise the benefits from public procurement in terms of personal wellbeing, social cohesion and inclusion, equal opportunities and sustainable development.*

Part 2 of the 'Buy Social' Toolkit provides advice and good practice on the most widely-used 'social benefit' that has been achieved through public procurement – recruitment and training. It follows on from Part 1 – Principles and Priorities.

Readers should refer to Part 1 before proceeding to use this document. They should also refer to the Central Procurement Directorate (CPD) guidance (PGN 01/13).

The reason that recruitment and training outcomes are the most widely-sought 'social benefit' is that all works and services contracts have a significant labour component, and often this is delivered in or around the area of delivery of the contract. Supplies contracts may have a similar labour content, but this is less likely to be 'local'. It is because of the purchaser's locality-focus – which derives from their powers and policies – that the word targeted is added to recruitment and training. For many public bodies these duties or policies mean that they want to go further and target the benefits at some part of the population of their operating area, e.g. young job-seekers or other marginalised groups. This is explored further in Section 1 of this Toolkit, and some options for requirements that can help deliver targeted recruitment and training (TR&T) are set out in Section 4.

Although this material will be new to many readers, it has been used by public bodies for many years, especially in the construction sector. It demonstrates a process whereby the inclusion of TR&T in public contracts can be treated as a normal part of a professional procurement exercise. For many it will be an innovation and may be seen as an added risk. But no innovation can take place without practical application, and this Toolkit aims to maximise the social benefits and minimise the risks of such application.

## 02

# Why Targeted Recruitment and Training (TR&T)?

## 2.1 Targeting impacts

Including recruitment and training requirements in public contracts is a 'labour market initiative'. As such it is important to understand why the intervention is being made and then make sure that the contract requirements and the outcomes achieve this. Common reasons for intervening are:

- to help promote 'social inclusion'<sup>14</sup> and equality of opportunity, key objectives of the Sustainable Development Strategy for Northern Ireland;
- to get better value from investment in a range of public sector activities by ensuring that beneficiaries can progress to independent living and contribute to society (e.g. achieving better progressions from education and training into work produces better value from the initial investment in education/training);
- to address skills and labour shortages that could affect the quality and cost of works and services now and in the future; and
- to support the local economy: the more local people are in employment the greater the money going into the local economy, and as this is spent it will support more jobs (the multiplier effect).

All public policy involves priorities and choices. In a procurement context it is for individual organisations to identify their priorities on the basis of their powers and policies. However, it can be argued that the first two reasons for intervention should be paramount for public bodies:

- as a way of delivering the Executive's sustainable development strategy; and
- as a way of maximising value for money from public expenditure.

The achievement of these objectives will also contribute to the other reasons for intervention listed above.

The 'targeted' element of TR&T means that the contract requirements seek to maximise the opportunities for people and communities that are:

- experiencing social exclusion; and/or
- recipients of the client's services whose progression into work is judged to add value to its wider expenditure.

Labour market initiatives are conventionally evaluated on the basis of 'additionality': what outcomes were achieved that would not have happened anyway – albeit over a longer period (e.g. when the labour market improves). 'Additionality' is maximised when the labour market intervention successfully helps people that are not in a position to compete in the labour market even if this improves. In this context, existing skilled/experienced job-seekers should not be a key target, although they may benefit from a general requirement to notify all vacancies arising from a contract to named agencies.

The approach set out above places public policy and priorities at the centre of a TR&T approach in public procurement. This can be contrasted with an approach that is driven by the contractor's concerns including skills and labour shortages that can have an

impact on costs. Targeting recruitment and training is a way of promoting social inclusion and equality of opportunity, and achieving a better 'social value cost' for the client, but it will also help address an industry's labour force needs.

***"From the contractor's perspective the incorporation of the training requirements in the contract reminded them that there could be benefits in giving opportunities to people that would normally be considered difficult to place in employment. This example demonstrates that with the right support in place, the hiring of long-term unemployed people could actually enhance the contract rather than being a difficulty."***

Source: *Community Benefits in Public Procurement*. The Scottish Government. 2008. Case study of the Stirling Western Access Road contract.

## 2.2 Social value costing

Staff involved in public procurement will be familiar with the concept of whole life costing where the active life-time operating costs as well as the initial investment cost can be considered in the VfM assessment. Giving weight to the wider social sustainability impacts of public expenditure are not conventionally treated the same way, but perhaps should be.

***'Social value costing' is a means of taking the wider benefits to society and the public purse into account when making a value for money decision.***

So for example, under social value costing an education service could legitimately include opportunities for people leaving education and training as part of its procurement of works or services since this would generate better value for money from their whole budget.

Likewise, a hospital trust could legitimately include recruitment and training opportunities for socially disadvantaged groups – including especially those at risk of ill-health or recovering from ill-health where research shows there are beneficial impacts from employment – when commissioning works and services contracts.

All public bodies could consider a 'social value cost' approach as a way of achieving the social elements of sustainable development as set out in the Executive's Sustainable Development Strategy.<sup>15</sup>

The term 'social value cost' usefully picks up the language used in the Public Procurement (Social Value) Act 2012 that applies to England and Wales. This Act requires commissioners covered by the Act to 'consider social value before the procurement starts' and includes the following text linking it to value for money:

***'In these tight economic times it is particularly important that maximum value in public spending is achieved. However currently some commissioners miss opportunities to secure both best price and meet the wider social, economic and environmental needs of the community.'***<sup>16</sup>

The 'social value cost' approach could be applied wherever the purchaser is able to include social requirements in the subject matter of the contract – see 3.1 in Part 1 of the Toolkit. In other cases the social benefits may be included as 'a condition relating to the delivery of the contract' – see 3.2 in Part 1 of the Toolkit – and the 'social value cost' would not be considered.

There is an emerging body of work on how to measure 'social value'<sup>17</sup> and as greater use of the 'social value cost' approach emerges, it should stimulate academics and practitioners to give more attention to this issue.



<sup>15</sup> Everyone's Involved – Sustainable Development Strategy [www.sustainableni.org](http://www.sustainableni.org) Chapter 4. See also Buy Social Toolkit Part 1, Section 1.

<sup>16</sup> The Public Services (Social Value) Act 2012, S8.

<sup>17</sup> See for example *Measuring Value: a guide to social return on investment*. New Economics Foundation. London. 2008.

03

## When is TR&T appropriate?

### 3.1 Targeting opportunities: a policy approach

The 'targeted' element of TR&T means that consideration of these requirements is only appropriate where there is potential benefit to the people and communities that are the focus of the client's activities, e.g.

- in the elements of works and services contracts that are being delivered within some or all of the areas or communities served by the client; and
- where the scale of the jobs and training opportunities is sufficient to justify the additional work for the procurement team and the contractor to deliver the TR&T requirements.

In Part 1 of the 'Buy Social' Toolkit it is recommended good practice to adopt a 'Buy Social' policy or similar, either as a stand-alone policy or as a part of a Sustainable Procurement Policy, and this should include criteria that determines where a TR&T requirement should be included, and where not.<sup>18</sup> Pending the adoption of such a policy this decision needs to be made on a case-by-case basis as a part of the Business Case. The information on how to set targets (in Section 5) will help with this.

#### **Bath and North East Somerset Council (BANES)**

*"We will prioritise Social Value for our community. This means targeting opportunities for the local economy, providing for a sustainable future and supporting the vulnerable".*

Source: BANES Council Procurement Strategy 2013-17. Delivering Social Value for our Community.

It is likely that the benefits for a target community from most supplies contracts will not justify the inclusion of TR&T elements because the main labour inputs happen far away. This may apply to any off-site manufactured elements of works contracts.

### 3.2 Displacement effects?

One of the arguments against TR&T in contracts is that this will displace existing skilled and experienced workers, some or many of whom will contribute to the local economy. This may explain why the main focus has been larger construction contracts where the displacement effect is hidden because the workforce moves from contract to contract.

There are good arguments for including new entrant trainee opportunities in contracts and accepting a degree of displacement.

First, all employers should engage in new entrant training and up-skilling their workforce to avoid skills and labour shortages in the future. The construction sector is an example of an industry that has an ageing workforce and has relied on finding new sources of labour from elsewhere in Europe to fill skill shortages. However, this means that the cost of hiring the necessary skills – which mainly affects the client not the contractor – is subject to the EU-wide labour market for these skills. This is not a good long-term basis for clients to operate; they should ensure that all of their contractors contribute to the training of a local workforce that will help keep down costs in the future. Some of these local recruits may decide to travel elsewhere to work, but a significant proportion will base their lives in their 'home area'.

Secondly, at a time when there are insufficient jobs for everyone it is important to ensure that those without the skills, productivity and track record

to compete for jobs do have the opportunity to obtain these 'labour market requirements'. This is especially true of young people joining the labour market for the first time, including those that have faced difficulties in their lives that are beyond their control e.g. family breakdown, ill-health, a disability, members of asylum-seeking families etc.

It is not right that these 'new entrants' should have to stand in line behind all of the skilled and experienced workers in the labour market before they get an opportunity. So some positive action is justified to provide a parallel entry route for these job-seekers, even if this has some displacement effects for existing skilled and experienced workers. The key difference is that the latter will be able to get another job through the labour market, whereas many 'new entrants' will not. This is a reasonable response to the 'social inclusion' and 'equal opportunities for all' elements of the Sustainable Development Strategy for Northern Ireland.

### 3.3 Procurement options

Part 1 of the Toolkit should be read before proceeding to include TR&T in a procurement process. This indicates that TR&T requirements can be included in the procurement process in one of three ways:

- as a part of 'the subject matter of the contract' (i.e. a core requirement) and as an award criteria;
- as 'a condition relating to the delivery of the contract';
- as a voluntary agreement (although this should not correctly be seen as part of the procurement process at all).



## 04

## What to include: options

Targeted recruitment and training can be achieved by including one or more of the following requirements in a contract.

### 4.1 New entrant trainee opportunities

This term has been widely used in construction contracts (e.g. in Scotland and Wales) to provide opportunities for people who lack the skills and experience to compete for and sustain a job through the labour market. The aim is to provide a job with training and support that continues – possibly through a number of such employments – until the individual can compete because they have accreditation, productivity and a track record.

This may be required because in an EU-wide labour market many employers may not see the need for training, they can just hire the labour they need, often on a self-employed or agency basis where they have no long-term obligations. It addresses a key need from individuals – to move towards a job that pays a living wage and enables them to move permanently off benefits – while also contributing to other aims e.g. training more productive workers and contributing to a local economy. Effective targeting of the opportunities will maximise ‘additionality’ and facilitate ‘social mobility’.

To ensure that the ‘new entrant trainee’ opportunities are targeted, the contract should require them to be recruited from named agencies that primarily serve the intended ‘community of benefit’. This will:

- ensure that most beneficiaries – and therefore most outcomes – contribute to the aims of the client for the contract; and
- provide a level playing field for bidders/contractors from anywhere in the EU; whether they are local and have good knowledge of local recruitment and training arrangements, or not local and lack this knowledge, all have equal ability to recruit from the named agency.

It is important that the named agencies are equal opportunities providers and will accept registrations from any EU resident (see Toolkit Part 1 – section 3.5).

In Scotland, the preferred wording is ‘recruited from an agency named by the client for this purpose, or an equivalent agreed by the client’. This provides ongoing control by the client (e.g. they can change the agency if they wish) and it allows a contractor that has a preferred partner agency to use this, provided that the client is happy that the agency will target recruitment as it would wish. That decision is likely to be taken after the award of the contract.

The named agencies can be selected to reflect the priorities of the client. For example, a NHS Trust might name an agency that is supporting people recovering from mental health problems back into work; an education client may name an agency working specifically with young people that are ‘not in education, employment or training’ (NEETs); a local authority may name an agency helping young people that are leaving the care system etc.

New entrant trainee targets may be set as a number of jobs or a number of person-weeks of employment. The ‘jobs’ option is perhaps easiest to monitor but it has the weakness that a cynical contractor can hire on day one and fire on day two and call this a job outcome.<sup>19</sup> The strength of a person-week target is that if a new entrant trainee started and then left they would need to be replaced by another new entrant trainee in order to complete the contract obligation.

The person-weeks target can also work well for employers where the nature of the contract may mean they can only employ the new entrant trainees for limited periods. For example, in the construction sector the contractors can decide what mix of trade apprentices (that require 2 years or more to get

qualified) and other trainees (that can become productive quicker because the work is less skilled) they will recruit to achieve the target. The latter might include office staff, catering staff and general operatives, all of whom can contribute to the contract from day one.

Employers should be encouraged to retain the new entrant trainee until they are able to compete in the labour market. To facilitate this they should be able to count time when the beneficiary is working on other contracts (i.e. not the one in which the TR&T requirement is included) towards the contract requirement. So what matters is the outcome for the beneficiary rather than the numbers of weeks they deliver on ‘the contract.’

It should be noted that new entrant trainees are in paid employment. This does not include unpaid interns and work experience placements (see section 4.2).

A typical social clause relating to new entrant trainees would be:

#### ***Employed-status New Entrant Trainees***

*The contractor shall provide that [a minimum of [ ] new entrant trainees ] or [ a minimum of [ ] person weeks of employment for new entrant trainees] recruited from an agency named from time to time by the client for this purpose shall be employed where a ‘new entrant trainee’ means:*

- *a person progressing from an education or training establishment who needs a job with training and support to achieve full accreditation and productivity; or*
- *a person who has not been employed in the sector before and has not been regularly employed for more than 12 months, and who will be given training and support in order to achieve accreditation and productivity; or*

<sup>19</sup> This occurred for example in a Welsh Government pilot project in Llandudno Junction.

- a person that has been engaged as a new entrant trainee on another contract or by another employer and whom the client accepts as requiring a further period of engagement as a new entrant trainee.

A new entrant trainee may be an apprentice on an industry-recognised scheme who may be counted as a new entrant for up to [104]<sup>20</sup> weeks, or an 'other trainee' who can be counted as a new entrant trainee for up to [52]<sup>21</sup> weeks.

Each new entrant trainee is to have a training plan (using a pro-forma provided, that is signed by the trainee to permit information to be passed to the client for monitoring purposes) that is agreed by the Employer or agencies named by the Employer for this purpose.

#### 4.2 Work experience opportunities

The provision of un-paid work experience and intern opportunities has a key role as a step towards employment, and it can provide a 'work trial' for both the beneficiary and the employer. However, because many placements will not lead to a job the provision of work experience opportunities will not achieve the same level of 'additionality' as the provision of new entrant trainee jobs.

Managing work experience placements can be time consuming for an employer and care must be taken to ensure that the placements are motivated and have something to offer towards the delivery of the contract. Furthermore the number/ duration of the requirement needs to be considered alongside any new entrant trainee requirements since the capacity of a contract to cope with new labour and deliver other priorities like quality, timely delivery and cost will be limited.

Again, the work experience opportunities can be defined as an absolute number or a number of person-weeks, and the client should have the right to name the agency or agencies from which the beneficiaries should be recruited so as to ensure that the social value is maximised.

### Constructing West Midlands (CWM) Framework Contract procured by Birmingham City Council

At the tender stage bidders had to submit a TR&T and Supply-chain Opportunities Method Statement that would achieve the following:

- 60 person-weeks of paid employment for a 'new entrant trainee' per £1m in invoiced contract value;
- every vacancy arising from the contract to be notified to the Employer\* (i.e. the client for the contract);
- notification of all sub-contract and supply opportunities to a Portal site identified by the Employer (e.g. Find it in Birmingham);
- registration of each 'new entrant trainee' with the Employer for contract monitoring purposes.

A new entrant trainee was defined as:

*'a person leaving school, college, training etc., people that are over 6 months unemployed and seeking a job with training (i.e. because they are new to the sector), or people that are recognised as 'new entrant trainees' but need a new position to complete their allotted time (156 weeks for an apprentice or 52 weeks for an 'other trainee').*

Source: *Tackling Poverty Through Public Procurement*. Richard Macfarlane with Anthony Collins Solicitors. Published by The Joseph Rowntree Foundation. 2014.

\*In works contracts this is the term used for the client.

#### Work experience opportunities

***The contractor shall provide that [a minimum of [ ] unwaged work experience opportunities] or [ a minimum of [ ] person weeks of unwaged work experience] is provided for persons put forward by an agency named from time to time by the client for this purpose.***

***Work experience operatives shall be properly managed and supported in line with the policies and requirements of the agency from which they are recruited and any risk assessments carried out.***

***The contractors shall ensure that the insurance for the site includes cover for work experience placements and staff from the agency supervising the placement when they are on site.***

#### 4.3 Notifying vacancies

The new entrant trainee requirements are a form of positive action that aims to create a parallel access route into the labour market for people that could not otherwise access the market. It is right that the client should expect that most people engaged to deliver their contract have appropriate accreditation, skills,

experience and productivity, and so the new entrant cohort will always be a modest proportion of the total workforce.

It is proposed above that one aim for TR&T is to maximise incomes to the local economy, and one way of achieving this is to maximise the number of local residents that are working on the contract. As explained in the Toolkit Part 1 the 'Beentjes doctrine' means that public bodies could be subject to a legal challenge if they required contractors to recruit 'local labour'<sup>22</sup> because this could disadvantage non-local contractors when bidding for the contract. However, this does not mean that nothing can be done to maximise opportunities for potential workers that live in and around the area of delivery of the contract. The key principle is that both local and non-local bidders must be equally capable of delivering the requirement.

In this context, the client could include in the specification a requirement that all vacancies be notified to named agencies and that candidates from these agencies have an equality of opportunity in being considered for the vacancy.

<sup>20</sup> This can be adjusted to suit the typical requirement in the sector, but remembering that the longer the period for which a person can be counted the smaller number of opportunities will be provided.

<sup>21</sup> As above, but allow a reasonable time for a new entrant to become productive and gain a track record, even if the required training period is short.

<sup>22</sup> See Buy Social Toolkit Part 1, section 3.4.

One reason for not giving too much weight to the local advertising of vacancies is the difficulty in verifying when a vacancy occurs and therefore actively ensuring that the contract requirement is being delivered. The client will be dependent on the contractor and any sub-contractors notifying what they consider to be vacancies in a context where new positions may be filled by workers transferred from another contract or brought in by a new sub-contractor.

Nevertheless, in many cases the contractors will be happy to notify vacancies and consider local candidates, in part because this can save them money. The following text could be included in a contract to achieve this goal.

*All vacancies arising from the contract – including those with sub-contractors – are to be notified to agencies identified by the client from time to time for this purpose, and adequate time provided for candidates identified by this agency to be given an equal opportunity to be considered for the post.*

#### 4.4 Business in education

The practice of developing partnerships between employers and schools is well established but can be encouraged by including conditions in contracts that oblige the contractors to collaborate in this way. Typical outcomes could be a number of contributions to classes or career development sessions, visits to the workplace and work experience placements.

While this is valuable as a way of inspiring young people and raising their aspirations it should perhaps be seen as secondary to the provision of new entrant trainee opportunities. There is a risk that such work can raise applications from young people to work in the sector or for the specific employer without increasing the actual entry-level positions which they can apply for.

To have a local benefit the delivery of the contract requirement does of course need to be wanted by some local schools, colleges or training organisations. The following text could be included in the contract.

*The contractor is required to engage with a local school, college or training provider agreed with the client and provide [ ] curriculum or career advice sessions that benefit students and trainees, either in the education/training establishment or in the workplace/site.*

#### 4.5 Workforce training

Requiring contractors to facilitate the training and accreditation of their workforce – whether directly employed or self-employed – may have an impact on the beneficiaries' earnings and assist with social mobility. However, to benefit people living in the communities served by the client and its local economy the beneficiaries need to live in that community, and too often this is not the case.

The link between locality of residence and place of employment varies between sectors and types of job. For example, in the retail, catering and hospitality sectors the bulk of the workforce will be relatively low-paid and many will work part-time or anti-social hours, and these characteristics mean that a higher proportion of the workforce will live locally: they cannot afford to travel far. In the construction sector even low-paid workers may travel many miles to work: hence the term 'white van man'.

The growth of budget airlines has seen a new pattern emerging where even low-paid workers are recruited through agencies elsewhere in the EU and fly in for a series of shifts before flying home again.

In this context, thought needs to be given to the value of requiring contractors to facilitate training and accreditation except where this is part of a programme of support for new entrant trainees recruited from a named (local) source – see section 4.1.

There may be a wider purpose for including a training and accreditation requirement; having a skilled and qualified workforce to draw on provides benefits for every client, e.g. by reducing skill shortages and associated wage inflation. But is this the aim of the client when they are implementing a 'Buy Social' approach? Why not aim to achieve this by targeted recruitment and then up-skilling this workforce?

#### 4.6 Local supply-chain opportunities

Engaging local enterprises in the supply-chain for the contract may be an indirect way of supporting targeted recruitment and training, and especially the local economy. It can also be an approach for which there is a considerable amount of lobbying from the business community. However, the outcome depends on the characteristics of the local firms that are engaged. For example, in large urban areas there may be little connection between a firm based in an area and where its workforce live, with the latter potentially commuting from some distance and possibly from more affluent residential areas. And it is not necessarily the case that locally-based firms will undertake training and if they do will seek to recruit from the local area.

Since the output of firms contributes to the Gross Domestic Product (GDP) of an area in official statistics, any additional supply-chain work they get through a contract clause will appear to add to the local economy. However, the degree to which this additional turnover actually benefits the local economy and has a multiplier effect will vary from firm to firm and cannot be taken for granted. This multiplier effect can be measured using tools like LM3<sup>23</sup> but the data inputs required may make this unreasonable for most contracts.

The effectiveness of a local supply-chain in securing TR&T and support for the local economy can be increased by ensuring that firms do in fact recruit locally, engage trainees, and use other local suppliers. This approach was pioneered by Greenwich Local Labour and Business in London during the late 1990's where a single organisation (part of the local authority) worked with local businesses to help them develop and obtain contracts from major developments (like the Millennium Dome – now London's O2 Centre), and it supported local people to develop their skills and get jobs with employers on major developments.

There is considerable literature on how to improve access to public contracts for SMEs (including social enterprises), and most of this relates to the way that the procurement is conceived; maximum opportunity will be achieved by breaking the contract into smaller 'lots', removing unnecessary pre-qualification requirements, and improving information-flows to the target businesses.

Nevertheless, it is possible to include conditions in a contract that require the main contractors to open their supply-chain to firms based in and around the area where the contract is being delivered provided that this can be done in a way that provides a level playing field for bidders/contractors from anywhere

in the EU. An example of this is provided in the Constructing West Midlands example quoted previously where the local authorities in and around Birmingham have established a business portal site – Find it in Birmingham – that can be accessed by contractors from anywhere in Europe.

This portal site primarily aims to facilitate business-to-business relationships to increase inter-trading and the multiplier impact on the local economy. Such portals are available in a number of areas of the UK and can be distinguished from portal sites that have been conceived as a way of enabling local businesses to get information about forthcoming public sector procurements. The latter often decide that they have a duty to allow any business in the EU to register and this may increase the competition for local suppliers!

The following text could be included in the contract. It should be noted that this does not require local firms to be engaged.

***All supply and sub-contract opportunities arising from the contract must be notified to businesses registered with an agency named by the client from time to time for this purpose and a minimum of [2] organisations registered with the agency must be invited to price for the supply/sub-contract, where suitable firms exist.***

#### 4.7 Focusing the effort

It is important that the procurement team focus the 'Buy Social' requirements; better to get good outcomes on a few requirements than to dissipate the energy and effort of the contractor/supplier and the client's contract management team across a wide range of requirements. This is in the context where public bodies must ensure that all contract requirements are delivered, and the more 'Buy Social' requirements that are included the more monitoring and verification data will need to be obtained and followed-up.



## 05

# Calculating targets

## 5.1 Why set measurable targets?

One of the barriers to the specification of measurable requirements for TR&T is uncertainty about what level of outcomes should be required. This may lead procurement teams to merely put in a general requirement to work with the client to maximise TR&T, rather than specify outcomes. This is a weak approach because:

- there is often no indication of the scale of outcomes required;
- the contractors may have very different understandings of what types of response they could make (from the range set out in section 4); and
- since some types and scales of outcome could have cost implications for the contractors they may eliminate these at the tender stage to avoid pushing up their bid price.

The outcome is likely to be very little 'additionality' being achieved through the use of the 'Buy Social' approach.

It is also good procurement practice to set measurable targets as part of providing a level playing field for bidders and being able to properly enforce the contract conditions.

Derry City Council has been using a 'voluntary clause' in tender documents for construction contracts of £1m and over. This requests that 'contractors uphold [the Council's] aspirations to .... the implementation of social clauses in procurement' and indicates to contractors that the council will seek the following:

- secure the creation of employment opportunities for one long-term unemployed person (registered for over 6 months) for each £1m in construction contract value;
- secure one apprenticeship for each £2m in construction contract value; and
- comply with fair employment, equality of opportunity and anti-discrimination legislation.

This approach is not a contract condition but does indicate to bidders what outcomes are being sought. Good delivery has been achieved through the services of a Council-run employability and job-brokerage project, Kickstart to Work, including three jobs and three apprentices on the £4.7m Guildhall restoration contract. Using a similar approach Ilex secured five apprentices and three jobs on the construction of The Peace Bridge.<sup>24</sup> However, the robustness of this approach depends on the commitment and negotiating skills of the Kickstart staff, rather than the contract conditions.

The outcomes from Glasgow Housing Association (GHA) framework contracts (2004-2013) are important in understanding the value of setting measurable targets. There were six frameworks that had more than three contractors carrying out a similar programme of work. At the tender stage

all contractors had completed a Method Statement (that was scored as a part of the award process) saying how they would achieve the contract condition that '10% of the person-weeks were delivered by "new entrant trainees" engaged in a training programme agreed by GHA'. However, the outcomes achieved by different contractors carrying out a similar schedule of works varied considerably. The average across all contractors was that 11.4% of the total labour used was provided by new entrant trainees, but in electrical rewiring this varied between 4.6% and 19.2%, in kitchen and bathroom re-fits between 9.2% and 21.7%, and in high-rise demolitions between 2% and 17.2%. This indicates that the outcomes achieved are greatly influenced by the commitment and management skills of the contractors, rather than the type of work they are carrying out.

### Glasgow Housing Association Framework contracts (35 contracts to 2013) Highest and Lowest New Entrant Trainee %\* in each type of contract\*\*

Contract	New Entrant Trainee Outcomes		
	Highest achieving contractor	Lowest achieving contractor	Average across all contractors
Electrical rewiring	19.2%	4.6%	9.6%
Environmentals	12.5%	12.3%	12.4%
Kitchens and bathrooms	21.7%	9.2%	15.7%
Roofing and cladding	18.6%	4.7%	10.1%
Low rise demolition	19.1%	0%	4.5%
High rise demolition	17.2%	2.0%	8.6%

\*new entrant trainee person-week as a % of total person-weeks utilised.

\*\*where three or more contractors carried out the works.

Source. *Tackling Poverty Through Public Procurement*. Richard Macfarlane with Anthony Collins Solicitors. The Joseph Rowntree Foundation. 2013. Case Study 1.

In the construction sector there is some evidence of what scale of outcomes can be achieved and a methodology developed for setting new entrant trainee targets. As the GHA example shows, a 10% target for new entrant trainees can easily be surpassed in a range of types of work, with the right attitude from the contractors. In the service sector this evidence is not yet available, but the approach from the construction sector provides a methodology that could be used.

## 5.2 Setting targets for 'new entrant trainees' in construction contracts

Procurement teams dealing with construction can benefit from the services of a profession – Quantity Surveyors – that have a thorough understanding of the make-up of the costs of a project. This may be available for services and supplies contracts, but it seems that this is not routinely the case.

To set targets for 'new entrant trainees' it is important to understand:

- how much labour time is required to deliver the on-site elements of the contract; and
- what proportion of this could be delivered by 'new entrant trainees' without putting at risk other key requirements like quality, price and timely delivery.

In relation to the risk element of this, it should be remembered that new entrant trainees are not unproductive and it is for the contractors to decide what mix of new entrants they want to recruit, train and support in order to deliver all of the contract requirements at a competitive cost. So for example, apprentices will take time to acquire the skills to be fully productive but they are also paid at a lower rate than qualified trades people. Many other sub-trade activities require a shorter period of training and new entrants can become productive more quickly.

It is important that procurement teams don't go too far in pre-empting the work of bidders for the contract. The latter are being tasked and in the end paid to come up with the best solution to delivering the contract requirements, including any new entrant trainee requirements.

The examples provided in this text suggest that in excess of 10% of the workforce on a construction contract can be new entrant trainees. The Construction West Midlands framework contract is achieving over 60 person-weeks per £1m in contract value, and GHA averaged 11.4% new entrant trainee weeks against a 10% target. In each case a person could be counted as a new entrant trainee for between 1 year (for an 'other trainee') and 3 years (for an apprentice). These

targets are in line with that used in the Construction Industry Training Board's Construction Academy approach which sets benchmarks in terms of apprentice starts and existing apprentices utilised: a £3.5-£6m contract would require 2 apprentice starts. If each apprentice is retained for 3 years this would generate 312 person-weeks.

So a typical calculation for new entrant trainees for a construction contract might be:

**Total anticipated contract value (for example) = £10m.**

**Less off-site manufactured elements of £4m = £6m on site value.**

**Estimated % of the value that is on-site labour costs = 40%<sup>25</sup> = £2.4m.**

**Estimated average labour cost per worker per year = £35,000<sup>26</sup> (including on-costs).**

**Therefore person-years of work required = 69 (£2.4m/£35k).**

**10% new entrant trainee target = 6.9 person years = 357 person-weeks.<sup>27</sup>**

In a particular contract the figures that are entered into the above 'formula' will vary: the labour component may be higher or lower and the assumed average wage costs may be different. But this is a calculation which the surveyor advising the client team can make.

The target can be set as a number of new entrant trainee starts, or as a number of person-weeks. As indicated earlier the former may be open to cynical manipulation. Both 'starts' and person-weeks should be easy to monitor. It will be more difficult to monitor a target set as a % of all labour used because this requires a verification of the total labour usage as well as the new entrant trainee weeks provided.

The methodology set out above is sufficiently well understood for international cost consultants and construction programme managers Davis Langdon (now known as AECOM) to develop a forecasting model that

estimates the total labour requirements and potential trainee opportunities – in person-weeks/years – for a range of construction types and values. This is based on the actual labour use on projects they have managed in different parts of the UK.

It is important to recognise that a key variable in determining an appropriate new entrant trainee target is how long a person can be counted as a new entrant. The longer this period the more productive and valuable will the new entrant become for the employer, and the higher the target % (for 'new entrant trainees') that can be achieved. If the target is to be set as a number of beneficiaries (e.g. new starts) then the average duration for which a new entrant can be counted is a necessary assumption. For example the number of beneficiaries from the 357 person-weeks calculated above could be assessed as follows:

**Assumptions:**

- Apprentices can be counted as a new entrant for 104 weeks;
- 'other trainees' can be counted as a new entrant for 26 weeks; and
- there will be a 50/50 mix of apprentices and other trainees.

**In this case:**

- the average duration would be 52 person-weeks;
- there would be 6 beneficiaries (assuming that all stay for the full period)

If this is the desired outcome the text in the specification could be changed to:

### ***Employed-status New Entrant Trainees***

***The contractor shall provide that [a minimum of [3] new entrant trainees who are apprentices] and [a minimum of [3] new entrant trainees who are other trainees] shall be recruited from an agency named from time to time by the client for this purpose to deliver a minimum of [357 person-weeks] where a 'new entrant trainee' means:***

- ***a person progressing from an education or training establishment who needs a job with training and support to achieve full accreditation and productivity; or***

- *a person who has not been employed in the sector before and has not been regularly employed for more than 12 months, and who will be given training and support in order to achieve accreditation and productivity; or*
- *a person that has been engaged as a new entrant trainee on another contract or by another employer and whom the client accepts as requiring a further period of engagement as a new entrant trainee.*

*An apprentice must be registered on an industry-recognised scheme and may be counted as a new entrant for up to 104 weeks. An 'other trainee' can be counted as a new entrant trainee for up to 26 weeks.<sup>28</sup>*

It may be important to discuss the likely number and mix of beneficiaries with organisations that support the employment and training of the target groups to make sure that the requirements address what is needed, and that the requisite number of applicants to fill the new entrant posts will be available. However, make sure that the client's objectives for including new entrant trainees are not just replaced by those of the training or job-matching agency. If they are funded on the basis of their results – which many are – then they may see the new entrant trainees as a way of achieving their obligations and increasing their income. This is not a problem if there are shared objectives.

### 5.3 Adapting this for other sectors

The above methodology can be adapted to other sectors, especially services contracts. The key here is to work with a person that understands the labour elements of the service to be provided, e.g.

- How much of the contract value is spent on labour costs?
- What is the average wage cost in the sector (including employers' on-costs)?
- So how many person-years or person-weeks work will be required to deliver the contract?
- How long does it take for a new entrant trainee to become productive (i.e. to cover their costs through the work they do), and what is a reasonable time to allow a new entrant to get accredited, productive and obtain a reasonable 'track record'?
- What is the 'safe' level of new entrant trainees for an employer to manage and also achieve the other objectives of the contract?
- What are the training arrangements and what organisations locally should be consulted and possibly considered by the client as the named source of new entrant trainees?

For example, in one Scottish local authority the procurement officer for care contracts suggested that 80% of the contract was for labour costs, and the average labour cost was just over £400 per week = £21,000 per year. So a £100,000 contract implied 4.76 person-years of work = 248 person-weeks. Furthermore, a new entrant could become productive very quickly and it was not unreasonable for contractors to have 15% of their staff as new entrants if the latter are defined as being 'new entrants' for up to 26 weeks. In this context the contract specification might require 37 person-weeks employment for a new entrant trainee per £100,000 in contract value (15% of 248).

It is interesting to consider what this set of assumptions produces in terms of new entrant trainees for a £6m contract – equivalent to the value of the construction contract given above.

**Total anticipated contract value £6m.**

**Estimated % of the value that is labour costs = 80% = £4.8m.**

**Estimated average labour cost per worker per year = £21,000.**

**Therefore person-years of work required = 228 (£4.8m/£21k).**

**10% new entrant trainee target = 23 person years = 1,196 person-weeks.**

So, on a like-for-like target of 10% new entrant trainee, this services contract offers nearly three times as many person-weeks of work. If each beneficiary consumed 26 weeks of these the contract would generate 46 opportunities compared with perhaps just 7 in the construction contract.

It is important to note that there is little experience of including TR&T requirements in services contracts. One reason for this may be the potential displacement issues: see section 3.2 for a discussion on why a degree displacement may be justified.

<sup>28</sup> This would provide a target of 390 new entrant trainee weeks.

06

## Identifying partners



In the 'Buy Social' Toolkit Part 1 emphasis is given to identifying/including a 'Buy Social' champion in the procurement team. This will:

- help identify partner organisations that have specialist knowledge of recruitment and training in the sector being procured;
- provide information for the 'target-setting' process set out above;
- provide information on the training routes and the potential sources of applicants for 'new entrant trainee' opportunities; and
- provide information on training and job-matching resources (agencies/colleges and funding) that contractors can contact when responding to the tender and delivering the contract (see Addendum A1.4).

In the absence of a 'champion' it is possible that existing training and job-matching organisations will be prepared to help e.g. local colleges, job centres, specialist industry training providers, sector training organisations (like the Construction Industry Training Board). In these circumstances it is important to identify and work with a partner that has objectives that are similar to those of the client. The training and job-matching sector is highly competitive and in many cases the income of colleges and agencies is dependent on delivering the outcomes required by their funding body: typically a public agency. These may not suit the intentions for the contract being secured, e.g.

- the partner may not be willing (or have systems capable of) targeting the opportunities as the client may wish; and
- the partner may not be in a position to offer a robust and durable service in a context where the contract may run for several years.

So, somewhat strangely given the scale of recruitment and training activity that goes on, identifying a suitable partner can sometimes be problematic. Larger local authorities often have an in house unit that can facilitate this work. In Birmingham City Council and (at a different scale) Derry City Council this team not only supports procurement teams but then works with the contractors to identify opportunities and works with local communities and training/job-matching agencies to target recruitment to these vacancies.

Other public bodies work with colleges and Government employability agencies but these can sometimes be less stable because local staff do not control policy and programme design – which can change very abruptly. Although individual staff can be very helpful and supportive this is sometimes a personal decision that does not survive staff changes. The central policy may not be sufficiently flexible to support what clients want to see their contractors deliver. These should be seen as part of the employer's person specification which training and job-matching staff are expected to meet, but sometimes the agency's priorities take over.

Industry training organisations can be equally inflexible. They are often more interested in getting the best people into their industry rather than supporting work that is targeted at more disadvantaged communities.

Where the client has its own team that controls the recruitment process up to the point where the employer interviews and appoints the people they want (in order to meet their contract commitments) they can work with agencies that support their objectives. Where the client doesn't have this in-house capacity then it needs to identify willing partners and make sure that they work to target opportunities as required.



### **Birmingham City Council's Employment Access Team (EAT)**

The EAT supports the implementation of the employment and skills element within the procurement process from the outset, devising appropriate employment and skills contract clauses, evaluating tender responses, negotiating suitable targets, supporting the recruitment process and monitoring and evaluation of outcomes.

When a contractor is appointed, an EAT officer meets with them to discuss and agree a targeted recruitment and training schedule. As each opportunity becomes available a job and person specification will be obtained and this is circulated to around 100 community-based training and employability agencies. These send candidates' 'expression-of-interest' forms and CVs through to the EAT who register them on a database, short-list suitable candidates and arrange interviews.

Where lead-in time permits and the opportunities warrant it, customised pre-employment training courses leading to a guaranteed interview or a place in an employer assessment centre are delivered in partnership with the Job Centre, colleges and training providers.

In creating an interview list of people that meet the employer's requirements the EAT look first at applicants from the Council's priority areas and Wards, and then at other Birmingham candidates. If there is a shortfall then people that don't have a Birmingham post-code are included. The employer then selects from the interviewees short-list and advises EAT who they have appointed. This is logged on the data-base through a registration form completed at the person's induction session for those contracts that are measured by job outcomes.

Outcomes are collected through a monitoring form provided by the main contractors. They have responsibility for collecting information from sub-contractors.

Source: *Tackling Poverty Through Public Procurement*. Richard Macfarlane and Anthony Collins Solicitors. The Joseph Rowntree Foundation 2014 Case study 2.

### **Kickstart to Work – The Peace Bridge in Derry-Londonderry**

Kickstart to Work is Derry City Council's employment programme – funded by the European Social Fund and Ilex to address long-term unemployment in Derry-Londonderry. It provides:

- a job-brokerage service to employers to help them recruit long-term unemployed people from the most deprived communities.
- One-to-one mentoring and support to help people find and sustain work; and
- 50 week employment opportunities with local employers supported by an employer subsidy.

The Peace Bridge utilised the first two of these services. To attract applicants Kickstart undertook a two week

marketing campaign and recruitment drive. It advertised locations and times when its Jobs Bus would visit the target communities and job-seekers were given information and help with filling out the job application. This generated 290 applications for 12 positions. Kickstart shortlisted applicants and these were interviewed by the employer, who then made the appointments. Unsuccessful applicants continued to be supported through other Kickstart programmes.

Source: *Tackling Poverty Through Public Procurement*. Richard Macfarlane with Anthony Collins Solicitors. The Joseph Rowntree Foundation. 2014 Case Study 5.

The Peace Bridge in Derry-Londonderry



## 07

## Monitoring and reporting

Where TR&T requirements are included in the contract then they must be enforced – see Part 1: Section 10. This requires the provision of monitoring information to be a part of the contract condition so that the client has the right to it.

Collecting and providing monitoring information can be expensive for the contractors, and analysing the outcomes and pursuing poor performance requires client resources. It is therefore important to limit the monitoring requirements to what is essential to assess performance against the contract requirements (relating to TR&T). Thoughtful drafting of the specification and contract conditions can help limit the monitoring requirements.

A number of points should be considered when specifying the monitoring requirements:

- What are the key outcomes that you want to measure and how is this best done (where the TR&T requirements are a part of the subject matter of the contract these can be termed ‘key performance indicators’ – KPIs)?
- When is this provided: it is ideal to time the report with any contract review dates so that the outcomes can be a part of each formal review.
- What additional information is important to be able to verify the reported outcomes, and how can this best be provided?

- Who should the information be sent to: who is responsible for delivering all aspects of the contract, and who might best be able to help them verify and interpret the monitoring information?

For new entrant trainee requirements, one way of verifying the outcomes and obtaining more detailed information on the beneficiaries to assess the targeted outcomes is to require the contractors to register each beneficiary with the client (or an agent) when they start. This should be on a pro-forma provided by the client that includes personal data (for example, name, home address, telephone number, age, gender, ethnicity, previous employment status, how they were recruited, previous accreditation etc.). This form would need to be signed by the beneficiary to allow the personal data to be provided to the client for contract monitoring purposes only – to comply with the Data Protection Act. The information can then be entered onto a database by the client or their agent, and this is updated as the employment continues to count the number of weeks engaged, and any accreditation obtained. This allows the client to run reports from the database (e.g. on the characteristics of the beneficiaries) and verify the output data for new entrant trainees provided by the contractors.

In some cases this personal data is recorded by the client or their agent where they are a part of the recruitment

process. There are commercial data-base systems available for this job-matching process that can be adapted to also provide the verification records. However, other organisations (like Glasgow Housing Association) developed a bespoke in-house database for this purpose.

A key requirement is that any database is set up early; ideally before the first contracts start to deliver TR&T outcomes.

Finally, it should be remembered that contractors are adroit at identifying the main concerns and requirements of their clients, and they know that focusing on these will keep the client happy. In this context it is important that the client team – and especially the ‘Buy Social’ champion – engages with the contractor and the main sub-contractors from early in the delivery of the contract and throughout the delivery, to ensure that monitoring requirements are met and that the outcomes are delivered.

Examples of possible monitoring requirements are included in Addendum 1.1.



08

## Text for the Business Case

The intended requirements for a contract should be set out in a Business Case that is used to formally agree the allocation of resources. The 'Buy Social' requirements should be included in this.

A Model text for the Business Case is included as Addendum 2. This covers the following matters under three headings: strategic context; lifetime opportunities; and benefits realisation.

### 8.1 The policy basis

Show here how the inclusion of the 'Buy Social' requirements will help the purchaser meet their policy objectives and obligations e.g. as set out in their Sustainable Development (or Sustainable Procurement) policy, the Northern Ireland Executive's Sustainable Development strategy, or an in-house 'Buy Social' policy.

Also consider any specific benefits to the main work of the purchasing organisation.

#### **NHS Greater Glasgow and Clyde (NHSGGC)**

*During community consultation on plans for a new £842m hospital complex in South Glasgow, the NHSGGC identified work for local people and businesses as a key concern. It commissioned a Social and Economic Impact Study and subsequently adopted an Employability and Health Strategy. On the basis of this it sought to include these 'community benefits' in the procurement process and contract.*

*Legal advice indicated that it was appropriate to include targeted recruitment and training requirements in the specification because of the established links between employment and health: increasing employability and employment falls within the scope of NHS powers. On this basis, a Key Performance Indicator was included in the specification: 10% of the labour*

*required to deliver the project should be 'new entrant trainees'.*

*Source: Tackling Poverty Through Public Procurement. Richard Macfarlane with Anthony Collins Solicitors. The Joseph Rowntree Foundation. 2014. Case Study 6.*

### 8.2 Calculating the targets

Set out what the intended targets for the contract will be and how these have been calculated – see Sections 4 and 5. It would be appropriate to refer to:

- case studies and publications – i.e. sources that have been used; and
- research and consultations that have been undertaken in arriving at the proposed targets, including those with contractors, industry bodies, and recruitment and training partners working locally.

### 8.3 The status of the 'Buy Social' requirements

In the Business Case it should be stated whether the 'Buy Social' requirements will be:

- part of the subject matter of the contract, and if so part of the 'quality score' in the award process; or
- a condition related to the delivery of the contract (but not an award criteria).

It should also be indicated whether questions on the management and technical experience to deliver the 'Buy Social' requirements, will be included in the Pre-qualification Questionnaire (PQQ), and if so what weighting they will be given (see section 10.2).

Likewise, any intention to provide pre-tender and/or mid-tender briefings for bidders, and perhaps an information sheet to ensure that all bidders have knowledge of local training and job-matching agencies and funds and local supply-chain registers, should be mentioned.

### 8.4 Contract management arrangements

Make reference to any 'Buy Social' champion or partner agency that has been identified to:

- support the development and delivery of the contract requirements;
- work with the contractors to help them deliver the 'Buy Social' requirements; and
- work with the client to help monitor and progress-chase these requirements.

### 8.5 Costs and affordability statement

Identify whether a specific 'net cost' (see Toolkit Part 1, Section 8) for the 'Buy Social' element will be obtained, and if so what budget has been earmarked for this.

In some cases it may be appropriate to identify specific funds that have been provided (either internally or from another source to cover this item). If there is a limited budget then this could be identified in the specification e.g.

***The contractor shall provide a Targeted Recruitment and Training Method Statement with their tender setting out how they will deliver [ ] person weeks of employment for new entrant trainees who are apprentice, and [ ] new entrant trainees who are other trainees within a Provisional Sum of [£...] that has been set aside for this purpose and where:***

- ***all new entrant trainees are recruited from an agency named from time to time by the client for this purpose; and***
- ***a new entrant trainee is defined as...***

Where the 'Buy Social' requirements are a condition relating to the delivery of the contract then it may not be relevant to include cost and affordability information in the Business Plan.



## TR&T Method Statement

A common approach with TR&T requirements is to require bidders to include a TR&T (or 'Buy Social') Method Statement as part of the tender setting out how they will deliver the TR&T (or other 'Buy Social') requirements. Where these requirements are a part of 'the subject matter of the contract' the Method Statement can be scored as a part of the award process; for 'conditions relating to the award of the contract' this should be disregarded in the award process, but can be a matter about which 'clarification is sought' in pre-tender discussions with the preferred bidder. In the latter circumstances some clients have requested that the Method Statement be submitted in a separate sealed envelope (which is only opened for the preferred bidder), but the key requirement is to be able to justify the award of the contract without reference to the contractors offer on TR&T or other 'Buy Social' matters.

The advantages of requiring a Method Statement are:

- it draws attention to the importance that the client is attaching to these elements of the specification;
- it forces the bidders to give attention to how they will deliver these requirements when they are developing their methodology for the contract and their tender;
- providing a standard pro-forma that all bidders must complete ensure that the client gets information in the same format, which enables a standard scoring template to be developed for TR&T etc., and makes robust and defensible scoring easier; and
- it provides a 'baseline offer' that can be used in pre-contract clarifications and then in discussions in the early stage of implementation.

However, a Method Statement should not seek to test the capacity

of the contractors to deliver the TR&T requirements, which should be assessed at the PQQ stage. The focus must be on what they propose to deliver in relation to the specification or contract condition (see section 10.2).

As can be seen from the sample Method Statement included in Addendum 1.2, a Method Statement can usefully obtain information on:

- the actions that will be taken to achieve the required outcomes; often this will be engaging with the organisations named by the client;
- a breakdown of how the outcomes, will be met, e.g. the split between apprentices and other trainees, and between different trades/occupations; and
- who will be responsible for implementing and reporting on the outcomes.

Where 'net cost' information is required a format for this information can be included, showing the way additional costs have been calculated, and then showing any additional incomes that will be obtained e.g. training grants, HR services from the contractors overheads, productivity from the trainees etc.

A scoring framework can be developed to match the questions in the Method Statement. This could usefully set out what is required for a good response and giving each component a score. As can be seen from the example in Addendum 1.3 the different questions or sections within a Method Statement can be weighted – so for example the delivery arrangements for 'new entrant trainees' may have a higher weighting than the offer of work experience opportunities. Developing this scoring framework requires the scoring team for this part of the tender to think through what will best deliver the requirements (and weight these elements

higher). When the actual scoring takes place the task is to assess each Method Statement against this framework.

This approach will help to defend the scoring process from any 'challenges'.

It is important that this approach is made compatible with the approach being taken to the scoring of the contract as a whole.

While the TR&T/'Buy Social' Method Statement may be scored out of 100, the end scores will be incorporated as a small part of the overall contract award scoring system. In some cases the client has sought to express their commitment to the TR&T/'Buy Social' requirements by giving this element a relatively high score – perhaps 15% of the overall score. However, this is probably not necessary; even 5% is probably sufficient to get the bidders to take this seriously since this is likely to be a larger % than the difference between the overall scores of the best and the second-best bidders.

### *Glasgow Housing Association*

*The employment and training 'offer' in the tender is assessed using a standard scoring framework, and this typically accounts for about 40% of the 'quality score' – about 12% of the overall score.*

*Source: Tackling Poverty Through Public Procurement. Richard Macfarlane with Anthony Collins Solicitors. The Joseph Rowntree Foundation. 2014. Case Study 1.*

## 10

# Model Clauses

The clauses used in the different stages of a procurement process need to be agreed by the procurement team and their legal advisers. The text included in this Toolkit aim to provide a basis for these to be developed. Once the requirements are agreed they will need to be re-formulated by the solicitors so that they work within the standard form of contract that is to be used. This is not always easy, but TR&T requirements have been made to work within a wide variety of contracts.

## 10.1 Contract notices

The possibility that a contract may include TR&T or other 'Buy Social' requirements can usefully be included in the standard contract notice used by public bodies, for example in the 'Other particular conditions' section of the Official Journal of the European Union (OJEU). Where these requirements are to be used in the award of the contract, potential bidders should be told what weighting these elements will have.

This approach can leave the client with the option of including TR&T/'Buy Social' requirements in the contract, either as a 'core requirement' or as a 'contract condition' only, but it is not bound to do so. The notice may refer to information to be included in the invitation to tender (or similar), so this is where the final decision on what is required and what weight to give it must be clear.

Model text:

***Under this [procurement/project] the [contractor/developer] will be required to support the Authority's [economic and social regeneration] ['Buy Social'] [sustainable development] objectives. Accordingly, contract performance conditions may relate in particular to economic and social considerations.***<sup>29</sup>

### *Glasgow Housing Association*

***The successful economic operator and its supply chain will be required to assist in the achievement of the contracting authority's social and environmental objectives. Accordingly, economic operators should be aware that contract performance conditions and evaluation criteria may include social and environmental considerations. Details will be set out in the contract documents.***

***Wording from OJEU section III.1.4 'Other particular conditions'.***

Source: *Tackling Poverty Through Public Procurement*. Richard Macfarlane with Anthony Collins Solicitors. The Joseph Rowntree Foundation. 2014. Case Study 1.

## 10.2 The Pre-qualification Questionnaire (PQQ)

A public body is justified in ensuring that all firms on a tender list have the technical, managerial and financial capacity to deliver the contract, including any 'Buy Social' requirements that are either part of the subject matter of the contract or are contract conditions. The designated way to do this is include questions in the PQQ and score the responses. On the other hand there is a general move towards slimming down PQQs as a way of removing 'barriers' for small and medium-sized companies that may be less able to present the required evidence.

CPD has cautioned against including questions relating to 'Buy Social' requirements in the PQQ.<sup>30</sup> Their reasoning is that "... the delivery of social considerations in contracts is not yet well established [and] to select contractors based on their previous experience of delivering social considerations is likely to limit competition".<sup>31</sup> However, this makes an assumption that all social considerations are likely to be unfamiliar to contractors when in reality many

will be an incremental extension of the services they are already providing, or an activity (like recruitment, and training) where most will have experience.

So another way of expressing CPD's advice is to be wary of including questions in PQQs where this could limit competition.

Recruitment and training is an activity many firms, including SMEs, will undertake. There is also an argument that all contractors should be making a contribution to training 'the workforce of the future' and this is of interest to public sector clients because a failure to do so can result in rising costs in the longer term (see section 3.2). In this context there is an argument for including some relevant questions in the PQQ.

One benefit in including relevant questions at the PQQ stage is that it will alert the bidders to the importance attached to TR&T/'Buy Social' requirements at this early stage, and get them to think about what experience they can contribute to the delivery of this objective. However, it is important that the weighting given to

<sup>29</sup> Based on text in *Community Benefits in Public Procurement*. The Scottish Government. 2008.

<sup>30</sup> Procurement Guidance Note PGN01/13. NI Government Central Procurement Directorate. 2013.

<sup>31</sup> Ibid. PGN 01/13 page 9/10.

the answers to this question are not disproportionate to the weight given to the 'Buy Social' element in the overall project.

It is perhaps more important to include PQQ questions where TR&T is merely a condition relating to the delivery of the contract because there will not be an opportunity to evaluate the methodology put forward by each bidder (in relation to TR&T) at the tender evaluation stage. Any potential barrier to competition can be countered by:

- holding a briefing session prior to the PQQ stage to explain what is required; and/or
- to ensure that business development agencies working with local businesses provide some training and support on how to address the PQQ question.

#### **Example of a PQQ Question on Targeted recruitment and Training**

*Please give examples of your involvement in each of the following:*

- *generating employment and training for long-term unemployed people;*
- *providing training opportunities;*
- *the development of trade skills in your existing workforce;*
- *equal opportunities recruitment processes.*

*What was your exact involvement in each of the above activities? Which of the examples you cited have been most successful and which have been less successful, and why?*

Source: *Community Benefits in Public Procurement*. The Scottish Government. 2008. Page 19.

### **10.3 The specification (Invitation to tender or similar)**

Some examples of TR&T– related texts that could be included in the specification have been provided above, along with guidance that the requirements should be focussed on just a few of the possible 'Buy Social' possibilities. The focus should be agreed in the business case taking into account:

- the client's sustainable development, 'Buy Social' and procurement policies;
- the wider purpose of the client organisation (e.g. social inclusion, regeneration, education, health etc);
- the scale and content of the proposed procurement; and
- the resources available to help ensure that the 'Buy Social' requirements are affordable.

The specification can usefully include the following elements:

- the policy basis for the 'Buy Social' requirements (or reference to the Business Case);
- definitions of terms (which may be incorporated with other definitions in the specification);
- the actual measurable requirements;
- the monitoring and reporting requirements;
- the provision of information on local training and job-matching agencies, business registers etc. that are available to all bidders/contractors;
- a statement that the contractor is responsible for obtaining the cooperation of sub-contractors and suppliers to help deliver the requirements;
- information on insurance requirements that may be necessary for the delivery of the requirements; and
- a 'disclaimer' making clear that the client is not guaranteeing any people or businesses being available to deliver the requirements, and making clear that any action it (or agencies it names) takes does not mean that they consider any individual, business or agency as suitable for engagement by the contractors.

Where information is required at the tender stage or during the delivery of the contract a pro-forma that the contractor

must use should be provided. This will provide standardised information and will allow the client to develop a standard data-management and reporting process.

One issue for the use of 'Buy Social' requirements in contracts is that there is an increasing tendency to procure through framework contracts, including multi-client frameworks. In some cases the procurement process covers a number of frameworks e.g. a framework for each of a number of 'Lots' that can be broken down by type of work, area of delivery, value of typical call-off contract etc. Addendum 1 provides an annotated example of how social benefit requirements (essentially local employment and training requirements) can be incorporated in the procurement of such a contract.

This is followed through into an example of a related Method Statement and then an approach to the rigorous assessment of each Method Statement.

What this example illustrates is that the drafting of the specification for TR&T and other 'Buy Social' requirements in a way that maximises outcomes and satisfies good procurement practice is not simply a matter of bolting-on a general clause. The best outcomes will be achieved where this element of the client's requirements is given the same level of thought and development as other elements of the procurement. It takes time for procurement teams to develop the expertise and confidence to properly undertake this work, but there is increasingly an expectation that they will do so – working in tandem with colleagues that have specialist knowledge of the 'Buy Social' requirement that the client wants to include.

The required expertise and confidence can only be developed by applying professional practice and experience to this increasingly-important element of public procurement.



# Addendum



## Addendum 1 – Example of TR&T in a construction framework contract and related documents

### **A1.1 – Specification**

### **A1.2 – Method Statement**

### **A1.3 – Scoring framework**

### **A1.4 – Social Benefits Information Sheet**

#### **Notes**

1. These documents refer to works contracts where the norm is to use the word 'Employer' (with a capital E) to refer to the client. In services and supplies contracts 'Employer' should be replaced with 'client'.
2. The model presented here is for a 'framework contract'. These are now widely used and are often more complex than a contract for a single supply because they may allow for more than one client, several contractors, and the award of additional contracts to the framework contractors without a further open procurement exercise. Furthermore, the value of the work to be awarded to each contractor will not be known when the commissioning/procurement process is started. This approach has been used because it is easier to simplify the approach for a single procurement than to adjust a 'simple approach' for a framework contract.



## A1.1 – Text for the Specification

### Social Benefit Requirements

#### Part 1 – Background information

[ ] (*enter the client organisation name*) is committed to generating entry-level opportunities especially for young people that are ‘not in education, employment or training’ (NEET) and others living in communities with higher levels of worklessness. It also recognises that the future prospects for these target groups will be determined by their acquisition of skills and industry-recognised qualifications, alongside a period of employment in a supportive environment. This will also help meet the labour-force needs of employers operating in and around the area of delivery of the project.

[ ] (*enter the client organisation name*) recognises that locally-based skilled/experienced workers and businesses have a key role to play in the economic prospects of the area and its population, and it is therefore seeking to ensure that they have opportunities to contribute to the delivery of projects under this framework contract.

Contractors will be required to assist in the achievement of these objectives by delivering the outcomes set out in Part 2 below, and by setting out their methodology in the Pro-forma Social Benefit Method Statement.

To assist bidders the client will make available a Social Benefit Information Sheet\* that provides information on recruitment and training resources available through the client and other organisations operating in and around the area of delivery of the contract.

*\* The client organisation needs to develop this and provide it to bidders. It should identify training and recruitment organisations that contractors can work with to help them deliver the contract, including any funding etc. A key aim here is to level the playing field between local and non-local bidders. See Addendum A1.4 for a model document.*

#### Part 2 Contract requirements

### 2.1. Social Benefit Method Statement

#### 2.2. New entrant opportunities

The contractor is required to submit a Social Benefit Method Statement with their tender using the pro-forma set out in Addendum A1.2 setting out how they will deliver the requirements set out below in **a project with an assumed value of £[ ] million**.\* A supplementary Social Benefit Method Statement may be required from ‘framework constructors’ on a project by project basis. However, the performance of each contractor on a framework will be assessed over the framework as a whole, with KPI targets being aggregated and compared with total outcomes.

*\* In framework contracts a value needs to be provided as a basis for completing the method statement. The TR&T obligations will then depend on the value of the contracts they actually complete.*

**60 person-weeks employment per £1m in contract value (and pro-rata)** to be provided for ‘new entrant trainees’ that have an apprenticeship, trainee or employment contract with the contractor or sub-contractor, where:

- a person-week is the equivalent of one person working for 5 days either on site, or through a mix of on-site work and off-site training; and
- a new entrant trainee is a person that is:
  - leaving an educational establishment or a training provider, or
  - a person that is non-employed and is seeking employment that includes on-site training and assessment, or off-site training (or a mix of these); or
  - an existing new entrant known to the Employer that is seeking a new position to complete their ‘new entrant’ period.

[A new entrant can be an apprentice who is registered with an recognised industry body that can be counted as a new entrant for up to 104 weeks, or an other trainee who can be counted as a new entrant for up to 52 weeks].

- each new entrant trainee must be recruited via the Employer or an agency named by the Employer for this purpose;
- each new entrant trainee is to have a training plan (using a pro-forma provided) that is agreed by the Employer or agencies named by the Employer for this purpose.

### 2.3 Unpaid work experience placements

5 weeks of unwaged work placement opportunities per £1m in contract value (and pro-rata) must be made available when requested by the Employer or an agency named by the Employer for this purpose.

### 2.4 Opportunities for skilled/experienced workers

- 2.4.1 Every vacancy, including those with sub-contractors, must be notified to the Employer and any other recruitment and training organisations named by the Employer for this purpose.
- 2.4.2 Recruitment for each vacancy must use a process that accords with good equal opportunities procedures.

### 2.5 Supply-chain opportunities

All supply and sub-contractor opportunities must be notified to [ ] (*enter the name of a business register that can be accessed by potential contractors from anywhere in the EU*) and firms listed on the register given a fair opportunity to tender for supply-chain opportunities. This may require some training and support to be provided to small firms in order for them to be able to price for works and supply packages.

### 2.6 Business in Education

When requested by the Employer, to work with schools and colleges to support the development of young people e.g. through vocational talks, support for the curriculum, workplace visits and work experience.

### 2.7 Monitoring information

- 2.7.1 Within 10 working days of each new entrant trainee being engaged the contractor must supply to the Employer a New Entrant Trainee Registration Form using the pro-forma provided.\*

*\* The client needs to develop this and have a system to collate the completed forms and aggregate data on the duration of each beneficiary, contract by contract.*

- 2.7.2 Within 10 working days of the end of each calendar month (starting with the first month in which a call-off contract commences under the framework contract) to provide a listing of all of the new entrant trainees by name that are still engaged by the contractor or sub-contractor, and the number of weeks they have been engaged in the month and the period since their employment/engagement commenced.

- 2.7.3 5 days prior to each Employer's site meeting or contract review meeting to provide to the Employer a report setting out information for the following Performance Indicators and Key Performance indicators (KPIs):
- the total value of works invoiced to the Employer under the framework contracts because targets are being set in relation to the value of projects undertaken;
  - the total number of person-weeks employment/engagement for new entrant trainees required in relation to this value of works;
  - the total number of new entrant trainee person-weeks that have been delivered in relation to the number required for the value of works invoiced (KPI);
  - the total number of unwaged work experience weeks that have been delivered in relation to the works invoiced;
  - the number of vacancies for skilled/experienced workers that have been notified to the Employer or agencies named by the Employer for this purpose, and the number of vacancies filled by people recruited from these sources;
  - the number of workers with a [ ] (*add the first digits of the postcode for the areas of interest*) home postcode that have worked on the projects and programmes undertaken under the framework(s), counting each individual only once;

- the value of supply and sub-contract work that has been supplied by firms with a [ ] (*add the first digits of the postcode for the area of interest*) postcode and the % this represents of all supply and sub-contract works awarded; and
- information on any special factors that have influenced the delivery of the new entrant person-weeks, recruitment through the named sources, or the award of supply-chain and sub-contract opportunities to firms with a [ ] (*repeat the above postcode*) postcode.

### 2.8 Data Protection Act

To comply with the Data Protection Act the New Entrant Trainee Registration Form must include a statement authorising contractors to disclose personal data to the Employer or their Agent for the purposes of contract monitoring. This statement is to be signed by the individual listed.

### 2.9 Insurances

The contractor must ensure that insurance cover includes people aged 16 and over and staff from employment and training organisations when visiting the site.

### 2.10 Costs

The contractor is expected to deliver the Social Benefit Requirements at minimum net cost by accessing grants and services (e.g. for training, recruitment and contacting potential supply-chain operators) and by good supervision and support of trainees so that they contribute positively to the contract. The basis of calculation of the minimum net cost is to be shown on the pro-forma Social Benefits Method Statement and the net cost entered into the tender at [ ] [Say where the minimum net cost figure should be included in the tender price.] The Social Benefit Information Sheet provided with the tender as Addendum A1.4 may assist in the development of the net cost.

### 2.11. The Employer's support activities

In the spirit of partnership, the Employer will seek to ensure that there is appropriate construction training and job-matching services available to contractors carrying out works on its behalf. However, this action does not comprise or imply any promise on the part of the Employer or their agents to provide suitable services.

Any action taken by the Employer to broker relationships between the contractors and local individuals/firms/agencies does not imply and should not be deemed to imply that they or their agents consider the individual/firm/agency as suitable for engagement by the contractors. Within this context the Employer will work with local agencies to help facilitate the achievement of the social benefit requirements.

### 2.12.

It is the contractor's responsibility to develop a working method and where necessary secure sub-contractors co-operation in order to achieve the Employer's social benefit requirements.

## 3. The Employment and Training Method Statement

The pro-forma method statement included in this Addendum should be completed and returned with the tender. This should be **based on an assumed contract value of £[ ]m** (see 2.2 in Addendum A1.1)

Contractors appointed to a Framework may be required to submit a supplementary Method Statement for a designated project or programme in due course. However, the net cost per new entrant trainee will be treated as the rate for the duration of the framework unless it can be shown that income assumptions shown in Table 2 have varied significantly in a way that are beyond the control of the contractors. Normally the rate per trainee-week is fixed. However, if an income source (like a Government trainee grant regime) changes, then this may be reflected in a new cost.

The Employer may seek to reduce the rate where the contractor can take advantage of new funding sources.

## A1.2 – Social Benefits Method Statement

Name of company \_\_\_\_\_

Address of the Company \_\_\_\_\_

\_\_\_\_\_

Contact Name \_\_\_\_\_

Position \_\_\_\_\_

Telephone numbers \_\_\_\_\_

E-mail address \_\_\_\_\_

I confirm that this Method Statement sets out the actions that will be undertaken to ensure the achievement of the social benefit requirements of the contract. It is recognised that [this document will be evaluated as part of the tender assessment and contract award procedure] or [delivery of the employment and training requirements will be a condition relating to the delivery of the contract, but not an award criteria]. Select one of these options depending on the agreed status of the social benefit requirements.

Signed \_\_\_\_\_

(Print Name) \_\_\_\_\_

Date \_\_\_\_\_

**Please provide information in each of the following sections for an assumed £3m in contract value. This document must be submitted as part of each valid tender.**

*\*Note: please ensure that you enter the company name in the page header.*

### 1. Equal opportunities

1.1 Describe the steps you will take to ensure that all vacancies are notified to the Employer or agencies named by the employer for this purpose in a way that gives local job-seekers a fair chance of recruitment.

1.2 How will you ensure that sub-contractors comply with this requirement?

1.3 How will you collect data on the numbers of people with a [ ] (enter the relevant post-code as included in the specification) home postcode that are employed on projects and programmes under the framework(s)?

### 2. Training opportunities

2.1 Opportunities to be provided: please complete Table 1 on **the basis of a £[ ]m project** (As in 2.2 of Addendum 1.1)



### 3. Supply-chain opportunities

How will you maximise supply-chain and sub-contract opportunities for firms on the [ ] (enter the name of the business register referred to in the specification) list?

### 4. Management, administration and reporting

- 4.1 Who will be responsible for the achievement of the targeted recruitment and training requirements? Who will they report to on this matter?
- 4.2 How will the New Entrant Trainee Registration documents be provided and how will monitoring information be collected in order to provide evidence of performance against the performance indicators? Who will be responsible for these functions?
- 4.3 How will you ensure that 'personal data' as defined in the Data Protection Act can be made available to the Employer and their agents for contract monitoring purposes?

### 5. Describe any additional actions you intend to take to ensure the delivery of the social benefit requirements.

### 6. Costs schedule

Please complete Table 2 in relation to the resources required to deliver the Social Benefit requirements as set out in this Method Statement. This should be included in the tender at [ ]. [Add the section of the tender pricing schedule where this figure should be added].

Table 2: Summary of Social Benefit Resources (This relates only to training costs; it is assumed that there will be no additional cost from targeted recruitment for skilled staff, and providing supply-chain opportunities).

Cost Item	£	Basis of calculation
Management and administration		
Training costs		
Additional site costs		
Mentoring and support activities		
Total costs		
<b>Total cost per new entrant trainee week</b>		Based on the numbers in Table 1 above
<b>Resources</b>		
Industry training grants		
Existing company staff/overheads		
Trainee productivity		
Services from other external agencies		
<b>Total additional resources</b>		
<b>Net cost</b>		Total cost less total additional resources
<b>Net cost per new entrant trainee week</b>		Based on the numbers in Table 1 on previous page

## A1.3 Scoring framework – Social Benefit Requirements

<b>Contractor:</b>	<b>Work Package:</b>
--------------------	----------------------

Question	Scores Possible	Scores Actual	Comments
<b>1 Equal Opportunities</b>	<b>15</b>		
1.1	5		The steps to be taken to notify the Employer or named agencies about vacancies in a way that gives local job-seekers a fair chance.
1.2	5		How the main contractor will obtain sub-contractors compliance with this.
1.3	5		Arrangements for collecting and collating data on vacancies notified and positions filled through the process.
<b>2 Training Opportunities</b>	<b>35</b>		
2.1	20		Table 1 is completed and meets the target of 60 weeks per £1m and shows a good spread across trades, and between apprentices and other trainees.
2.2	5		Clearly state that they will recruit the new entrant trainees through the Employer or the agencies named by the Employer.
2.3	5		Describe adequate mentoring and support arrangements new entrant trainees and work experience placements. Who in the company will do this?
2.4	3		State that training plans will be prepared, and who will be responsible for progressing these for new entrant trainees.
2.5	2		State activities suitable for work experience opportunities, in the context of health and safety policies.
<b>3 Supply-chain Opportunities</b>	<b>10</b>		
3			State that they will use [ ] (add the name of the register/agency) when seeking suppliers and sub-contractors at the project-pricing stage.
<b>4 Management, administration and reporting</b>	<b>10</b>		
4.1	2		Who will be responsible for the achievement of the TR&T requirements and providing monitoring reports?
4.2	6		State that new entrant trainee registration documents will be provided. State how they will collect information on actual weeks provided.
4.3	2		How will you ensure that personal data can be made available.
<b>5 Statement</b>	<b>10</b>		
5			Useful additional actions being offered to ensure the delivery of the social benefit requirements.
<b>6 Costs</b>	<b>20</b>		
6.1	10		Has Table 2 been completed accurately?
6.2	10		Is sufficient information provided on the basis of the calculation to allow variations in the cost to be discussed if this basis changes?
<b>Total</b>	<b>100</b>		

<b>Signatures of Officer's marking:</b>	
1. _____	Date: _____
2. _____	Date: _____
3. _____	Date: _____

## A1.4 – Outline for a Social Benefit Information Sheet

### Part 1 – Why is the Information Sheet necessary?

Part 1 of the model specification (Addendum A1.1) above states:

*To assist bidders the client will make available a Social Benefit Information Sheet that provides information on recruitment and training resources available through the client and other organisations operating in and around the area of delivery of the contract.*

This is necessary to ensure that both local and non-local bidders for the contract have access to information and potential partners, suppliers and sub-contractors when they are considering how they will deliver the social benefits and working out any potential cost. This will establish ‘a level playing field’ in the bidding process (which is a requirement under EU procurement frameworks) and help deliver the requirements at minimum cost to the contract. So **issuing this sheet with the Tender documents is very important.**

**In preparing the Information Sheet only include the sections (from 2 to 7 below) relevant to the matters that have been included in the specification and/or in the contract conditions need to be included.**

**It is not essential that more than one organisation is included in each section, but the named organisation must be willing to service the needs of the contractor and their sub-contractors, and they must be willing to register clients (the people/businesses they service) from any EU country. However, they can focus their work to recruit/identify and support clients on a target community (as is often required by their funding arrangements).**

Procurement teams may need to rely on the knowledge and contacts of a ‘Buy Social’ champion when identifying suitable organisations to be included in the Information Sheet (see Toolkit Part 2, Section 3).

### Part 2 – Model Social Benefits Information Sheet

#### **1. Background**

..... (enter the name of the client for the contract) has included the delivery of social benefits [in the specification] [as a condition relating to the delivery of the contract] (*delete one*). The following information is provided to ensure that all potential contractors can develop an appropriate methodology for the delivery of these conditions.

#### **2. Job-matching Agencies**

Add here information on organisations that can help an employer recruit from the groups or communities that the client wants to see benefit from the contract. This could be a single source e.g. a unit run by the client or a selected partner organisation, or it could be a number of organisations. For each organisation provide:

- Organisation name and postal address
- Name and position of a contact
- Their telephone and e-mail contacts
- The aims and objectives of the organisation
- The services the organisation provides for employers, and the terms of this (including costs)
- The services the organisations provides to beneficiaries
- Grants that are available to employers.

Ideally, this information should be provided by the job-matching organisation that is listed; they should be responsible for the accuracy or otherwise and may ultimately become the agent or supplier to the contractor.

Before including an organisation on the Information Sheet it is important to confirm that the listed organisation can offer the contractor/employer a service that will target the outcomes in line with the requirements of the contract that is being tendered. This could be formalised through a Service Level Agreement. Difficulties in securing Targeted Recruitment and Training can arise if the job-matching or training agency does not put forward candidates from the client’s priority areas or communities. This could be because they and their funders do not have the same priorities, or because the employer is not sufficiently clear about the contract requirements.



**3. Training organisations**

(Repeat point 2 but now for appropriate training organisations that will service the needs of the employer to provide targeted new entrant trainee opportunities, and/or in-service training and accreditation for people from the area or community selected by the client for the contract. This can include colleges and local training organisations, appropriate trade training organisations, DEL-approved training providers, and LA-managed providers e.g. EU-funded programmes.)

The information provided by each organisation should include health and safety, insurance, supervision, training and welfare requirements.)

**4. Work-placement organisations**

(Repeat 3 above but now for organisations that are seeking to place students or job-seekers from a target area or community – selected by the client for the contract – into the work-place for work experience. This could include colleges and training organisations, job-matching agencies that have funding for work-trials, schools and education authorities, LAs that have EU-funded schemes that include unpaid work experience.)

**5. Business in Education**

(Repeat the above but now for organisations working in a target area or community – selected by the client for the contract – that will host or otherwise help organise a business-education programme with the contractor. This could include schools, colleges, training organisations, local education authorities.)

**6. Supply-chain links**

(Repeat the above but now for one or more organisations that can link a contract-holder to a supply-chain based in and around the area of interest of the client for the contract. These can include local business registers/portal sites, sector-specific business registers/portal sites, and those dealing specifically with distinctive types of business e.g. social enterprises, sheltered workplaces etc.)

**7. Service Improvement agencies**

(Repeat the above for agencies that can help contractors develop innovative approaches to delivering the contract that are not solely related to the workforce and skills. These could be sector-specific or general-purpose.)

**8. Disclaimer**

The above contacts have been identified by the client as potentially suitable for the contractor to work with in the delivery of the social benefit requirements of the contractor. The information is provided by the organisations listed and any errors or omissions are not the responsibility of [add the client for the contract].

Any action taken by [add the client for the contract] to broker relationships between the contractor and local individuals/firms/agencies does not imply and should not be deemed to imply that they or their agents consider the individual/firm/agency as suitable for engagement by the contractor. Within this context [add the client for the contract] will work with local agencies to help facilitate the achievement of the social benefit requirements.

The provision of this information and any subsequent action to link the contractor with individuals/firms/agencies does not comprise or imply any promise on the part of [add the client for the contract] or their agents to provide suitable services.



## Addendum 2 – Model Text for the Business Case

### Part 1 – Introduction

‘Buy Social’ requirements should be developed as a part of the preparation for the Business Case, and should be set out in the latter. Useful information on how this can be done is included in this Toolkit, and is summarised in Part 2, Section 8, but a key element in the development is likely to be ‘new networking’ – identifying an appropriate ‘Buy Social’ champion or organisations that can fulfil this role as a part of their normal activities – see Part 2, Section 6 of the Toolkit. This will provide specialist knowledge to the procurement team that will help complete the Business Case documentation.

A ‘Buy Social’ approach is part of Sustainable Development (see Toolkit Part 1, Section 1) and shares characteristics with environmental requirements that are the parts of sustainable development that are routinely included in procurements. This is that some of the benefits of including the requirements in a procurement accrue to the wider society – both now and in the future – and/or to other parts of the public sector. An ‘environmental example’ would be that requirements that reduce vehicle use and therefore vehicle emissions benefit the health of the wider society and will reduce costs for the health service in a general (rather than a measurable) way. Likewise, ‘Buy Social’ requirements that help young and marginalised people to get the skills and experience they need to compete in the labour market will have broad and long-lasting effects for the individual and then for their families and society, potentially over several generations. This is captured in the term ‘social inclusion’,<sup>32</sup> and the financial benefit is most likely to accrue to Government agencies like The Department for Work and Pensions that subsidise people that are not in work or who have low incomes relative to the needs of their family.

The Business Case for including a ‘Buy Social’ approach may therefore be based on the policies adopted by the client organisation rather than on the economic benefits it will obtain, either immediately or over the lifetime of what is being commissioned/procured. This is in line with the decisions of the European Court of Justice that has established that achieving a policy outcome is sufficient: there does not need to be an economic gain to the procuring entity to justify including a requirement in the award criteria for a contract.<sup>33</sup> Over time the ways of measuring some of the wider social benefits may become clear but the lack of this evidence now does not need to be a barrier to the use of social clauses.

## Part 2 – Model Text

### 1.1 Strategic context

The [ ] (add the name of the organisation) operates in line with the 2010 Sustainable Development Strategy for Northern Ireland that includes three principles that the proposed 'Buy Social' requirements can help address:

- **Ensuring a Strong, Healthy, Just and Equal Society** – Meeting the diverse needs of all people in existing and future communities, promoting personal well-being, social cohesion and inclusion and creating equal opportunity for all;
- **Achieving a Sustainable Economy** – Building a strong, stable economy that provides prosperity and equal opportunities for all, and in which environmental and social costs fall on those who impose them (polluter pays), and efficient resource use is incentivised;
- **Promoting Opportunity and Innovation** – Supporting the successful exploitation of new and existing ideas to deliver economic, social and environmental benefits.

These commitments have been reflected in the organisation's [Sustainable Procurement Strategy/Corporate Strategy/'Buy Social' Policy] (add the policy name as appropriate, together with any specific commitments that support the inclusion of the proposed 'Buy Social' requirements).

In addition it is noted that the proposed 'Buy Social' requirements will support the Aims/Objects of the [ ] (add the name of the organisation) that include the following:

- (Add the specific elements from the Aims/Objects in the constitutional documents or equivalent)

- \_\_\_\_\_
- \_\_\_\_\_
- \_\_\_\_\_

In this strategic context the intention is to include the 'Buy Social' requirements set out below as [part of the subject matter of the contract] [a condition relating to the delivery of the contract] – See Toolkit Part 1, Section 3 and Addendums 1 and 2) (select one). This approach has been supported by advice from [ ] (enter the name of the procurement lawyer/firm).

### 1.2 Lifetime opportunities

In preparing the 'Buy Social' requirements the procurement team have worked with the following units/ organisations that have specialist knowledge of the needs of the communities [in and around the area of delivery of the contract] [that are the primary users or the proposed commission/procurement] (delete as appropriate) and are able to identify key stakeholders and potential partner organisations that could assist with the development of the 'Buy Social' requirements and could potentially support the supplier/contractor in the delivery of the requirements:

- (add the names of people/organisations)

- \_\_\_\_\_
- \_\_\_\_\_

In addition, the procurement team have taken account of the experience of other contracting authorities through published material and direct discussions with practitioners, including the following sources:

- (add the name of publications or contacts utilised)

- \_\_\_\_\_
- \_\_\_\_\_

On the basis of the advice and research undertaken it is proposed that the following 'Buy Social' requirements will be included in the specification and contract conditions, on the basis that a contractor will be able to deliver these outcomes alongside the other requirements of the contract:

- *(Add the measurable requirements e.g. relating to new entrant trainee opportunities, work experience opportunities; supply-chain opportunities etc – see Toolkit Part 2, Section 4)*

- \_\_\_\_\_
- \_\_\_\_\_

It is [intended that bidders will be given the opportunity to price for the delivery of these requirements] [will be able to deliver these requirements at minimum additional cost through good management and accessing resources that are available through other industry or public sector funding regimes] [intended that a Provision Sum of £.... be included in the contract to cover costs identified by the supplier/contractor]. *(choose one)*.

### 1.3 Benefits realisation

The following steps will be taken to ensure that potential suppliers/contractors are aware of the commitment to the 'Buy Social' requirements:

- there will be suitable references in the contract notices;
- questions relating to management experience in related matters will be included in the PQQ *(delete if not intended)*;
- a briefing session will be available potential bidders [before the issuing of the PQQ] [during the tender period] *(delete as appropriate)*;
- a Social Benefits Information Sheet will be included in the tender documentation; and
- a Social Benefits Method Statement will be required as a part of each valid tender submission which [will be scored as a part of the award process] [ will not be scored as part of the award process but may be used to clarify proposals with the preferred bidder] *(select as appropriate)*.

The primary responsibility for ensuring that the 'Buy Social' requirements are delivered will rest with the client's contract manager. However, [ ] (enter the name of the 'buy social' champion or one or more organisations that will provide support) has agreed to support the latter in relation to the 'Buy Social' requirements, including liaison with the contractor's/supplier's delivery team and local organisations that are working to help deliver the requirements.

The following organisations will be named in a Social Benefits Information Sheet to be issued as a part of the tender package. These have agreed to work with the contractor/supplier to maximise the delivery of the 'Buy Social' requirements:

- *(add the KPI)*

- \_\_\_\_\_
- \_\_\_\_\_

The following key performance indicators have been identified in relation to the 'Buy Social' requirements: (See Addendum A1.1, Section 2.7)

- *(add the names of people/organisations)*

- \_\_\_\_\_
- \_\_\_\_\_

Performance against the 'Buy Social' requirements will be an item on the agenda for each contract review meeting and rectification notices will be issued where the contractor/supplier is not delivering in accordance with the contract conditions.

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## Glossary of Terms



# Glossary

<b>Additionality</b>	A term used in the evaluation of employment and training programmes. It refers to outcomes from the programme that would not have happened without the programme.
<b>Apprentice</b>	A person who is registered on an industry-recognised or Government-recognised apprenticeship programme.
<b>Business Case/Plan</b>	The document prepared to enable a decision to be made on whether to proceed with a commissioning/procurement process or not. It includes information on the proposed subject of the contract and the proposed method of procurement.
<b>Business in Education</b>	Actions undertaken by a business to support the work of schools, colleges, universities and other training organisations.
<b>Buy Social</b>	A term used to refer to the inclusion of social considerations in a commissioning/procurement process.
<b>Client</b>	In this Toolkit this term refers to the organisation that is entering the contract that is being commissioned/procured.
<b>Community</b>	A group within society that shares some common features. This could be related to the area where they live (geographic community) or some other characteristic (e.g. age, employment status etc.) A person will be part of several 'communities'.
<b>Community benefits</b>	See social benefits.
<b>Core requirements</b>	This is 'the subject matter of the contract': what must be delivered through the contract.
<b>CPD</b>	Central Procurement Directorate, part of the Department of Finance and Personnel.
<b>CSR</b>	Corporate Social Responsibility: commitments made by companies on a voluntary basis.
<b>DEL</b>	Department of Education and Learning.
<b>employer</b>	The person or organisation that engages workers to deliver a contract, either through a contract for employment or a contract for services (e.g. for a self-employed person).
<b>Employer</b>	See Client (above). This is the term conventionally used for the client in works contracts.
<b>Employed-status</b>	People that are paid a wage or salary for their work, including those that are self-employed.
<b>Equality of opportunity</b>	This may refer to equal opportunities as covered in UK anti-discrimination legislation, but can also be extended to cover disadvantaged groups including those facing major barriers in accessing the labour market.
<b>EU</b>	European Union.
<b>Procurement Directive</b>	This sets out EU requirements on how public bodies must commission/procure contracts that are above prescribed threshold values. These are incorporated into UK legislation.
<b>Framework contract</b>	A contract where a number of contractors are appointed. Contracts are then allocated to them through one or more call-off contracts awarded in accordance with each firm's position on the original tender evaluation or performance on earlier call-off contracts, or it may be awarded on the basis of a mini-competition that is only open to the contractors appointed to the framework.
<b>KPI</b>	Key Performance Indicators. These are typically the means of assessing whether the core requirements of the contract have been delivered.

<b>LA</b>	Local Authority.
<b>Living wage</b>	A calculation made by an independent Living Wage Foundation of the income needed by a person to sustain themselves and their families.
<b>Method Statement</b>	Information provided by contractors or potential contractors setting out how they will deliver specific elements of a client's requirements.
<b>New entrant trainees</b>	People who lack the skills and experience to compete for and sustain a job through the labour market e.g. because they have no substantial work experience (school or college leavers) or long-term unemployed people with no experience in the sector they are seeking to join.
<b>Other trainee</b>	A person who is receiving vocational training but is not an apprentice.
<b>PfG</b>	The Programme for Government in Northern Ireland.
<b>PGN</b>	Procurement Guidance Note issued by the CPD.
<b>PQQ</b>	Pre-Qualification Questionnaire: completed by potential bidders for a contract and used as the basis upon which the client selects the tender list.
<b>SIB</b>	The Strategic Investment Board for Northern Ireland.
<b>SME</b>	Small and Medium Sized Enterprises.
<b>Social benefits</b>	Outcomes that provide added economic or social outcomes for a target community.
<b>Social cohesion</b>	A society where its members share a sense of belonging and inclusiveness, and opportunities for social mobility.
<b>Social considerations</b>	Requirements included in a commissioning/procurement process that aim to deliver social benefits. Some organisations extend the term to include environmental benefits.
<b>Social exclusion</b>	The opposite of social inclusion. A term commonly used to refer to the wide social and economic impacts of living in poverty.
<b>Social inclusion</b>	"The process of improving the ability, opportunity and dignity of people, disadvantaged on the basis of their identity, to take part in society". (The World Bank).
<b>Social mobility</b>	The progression of a person to a higher earnings bracket that enables them and their families to have a better quality of life.
<b>Social value cost</b>	A means of taking the social benefits into account when making the value for money or best value decision.
<b>Specification</b>	The text that sets out the requirements of the client as a part of a commissioning/procurement process. This may be included in an Invitation to Tender or a similar document and will normally be reflected in contract conditions.
<b>Supply-chain</b>	Suppliers and sub-contractors that are used by a contractor in delivering the contract.
<b>Sustainable development</b>	See <a href="http://www.sustainableni.org">www.sustainableni.org</a>
<b>Training plan</b>	An agreed programme of training (basic skills and vocational skills) leading to recognised qualifications/accreditation.
<b>TR&amp;T</b>	Targeted Recruitment and Training.
<b>Vacancy</b>	A job or trainee opportunity with an employer that is to be filled through the labour market. The latter excludes transfers of staff within the employer's organisation.
<b>VfM</b>	Value for Money. In LAs the term 'best value' may be used.
<b>Wellbeing</b>	Essentially a psychological term referring to an individual feeling good and functioning well in society and the economy.
<b>Work experience</b>	People based with an employer for work-related purposes that are not paid a wage or salary by the employer. Some may be on Government benefits and others may have no income (e.g. school placements).

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